

Guest Ranches of British Columbia

■ Product and Market Analysis
Executive Summary



ECONOMIC & REGIONAL DEVELOPMENT AGREEMENT

Canada

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Ministry of Economic Development

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EXECUTIVE SUMMARY

**GUEST RANCHES OF BRITISH COLUMBIA
PRODUCT AND MARKET ANALYSIS**

prepared for:

Ministry of Tourism, Recreation and Culture

funded by:

**Canada - British Columbia Subsidiary Agreement on
Tourism Industry Development**

prepared by:

**MACLAREN PLANSEARCH CORP.
TOURISM RESEARCH CORP.
ADDISON TRAVEL MARKETING**

May, 1987



EXECUTIVE SUMMARY

INTRODUCTION

The market in British Columbia for experiences that involve activity, adventure and fun in a natural, outdoors environment is increasing at a substantial rate. Many facets of the travel industry have responded to the market by expanding existing facilities, diversifying product mixes or launching completely new and creative outdoor adventure packages. It is in this context of growth, change and opportunity that the Ministry of Tourism, Recreation and Culture decided to do an in-depth review of one aspect of the adventure travel market - the guest ranch industry. This review has focussed on the existing and potential demand for accommodation-based leisure experiences which offer horseback riding.

METHODOLOGY

Twenty-five of the 34 identified guest ranch operators in British Columbia were interviewed to obtain information on product, revenues, occupancy, market profiles, marketing efforts and future growth. Twelve operators provided a listing of names of past and potential guest ranch visitors. One hundred and fifty-two of these visitors were interviewed for the market analysis. As well, the market analysis included 29 interviews with North American and European wholesalers. Guest ranch operators, government personnel and/or association representatives in Alberta, Colorado, Washington and Oregon were contacted for the competition analysis. All of this information was used to identify opportunities and constraints in order to provide recommendations for both future marketing and product development of the guest ranch industry in British Columbia.

PRODUCT ANALYSIS

It is apparent that British Columbia's guest ranch product is extremely variable. Despite this variability the guest ranches have been divided into two basic types: rustic and full service. The classification is based on the level of accommodation (spartan/rustic or comfortable/luxurious), market appeal (domestic versus long-haul) and marketing efforts.

Full service guest ranches, which account for approximately 25 percent of the facilities, are experiencing an average annual growth of 28 percent and have high levels of repeat business. These facts indicate a substantial market and product potential.

Rustic properties have limited cash flow and working capital and are vulnerable to rising external costs. Despite these limitations, rustic properties experience high summer occupancy and high levels of repeat business largely from price conscious families residing in British Columbia.

In 1986 the British Columbia guest ranch industry generated an estimated \$3,545,600 in revenue from an estimated 102,416 visitor nights. Total estimated capital investment of British Columbia's guest ranches is \$20,331,000. Estimated employment of the industry is 46 full-time yearly employees, 96 full-time seasonal employees and 36 part-time employees. Full service guest ranches account for 48 percent of annual visitor nights, 74 percent of annual gross revenues and 65 percent of total capital investment.

MARKET ANALYSIS

There is an increasing demand for guest ranch experiences within both the North American and overseas markets. Visitors to a guest

ranch are interested in experiencing an authentic western holiday where both adults and children can go horseback riding. Highlights of a guest ranch vacation are western hospitality, friendly people and food. Quality of accommodation is very important for the upscale domestic and long-haul traveller.

COMPETITION ANALYSIS

Washington and Oregon guest ranches are not perceived as competition for British Columbia as they are limited in number, dependent on domestic markets and have relatively undeveloped marketing efforts. Colorado guest ranches are sophisticated, successful and have a well developed marketing strategy. Colorado ranches do not cater to the same markets as British Columbia's ranches and are not viewed as competition. On the other hand there are several features of the Colorado product and marketing strategy that can be applied to the British Columbia guest ranch industry.

Alberta guest ranches are similar in development to British Columbia's although there are fewer. Travel Alberta has developed two levels of marketing which are based on domestic and long-haul market requirements. For Alberta's full service facilities marketing efforts are allocated to the Alberta Adventure Guide, trade shows, advertisement, FAM tours and contacts with European and North American wholesalers. Travel Alberta, recognizing the importance of rustic properties which cater to the domestic market, publishes an information sheet on Alberta's ranch/farm vacations.

RECOMMENDATIONS - PRODUCT

Long term health of the British Columbia guest ranch industry will be based on both marketing and continued development of new

properties - especially in the full service category. Present growth rates and demand identified in the market analysis indicate that there is probably room for one and possibly two new entries in the full service area over the next few years. In fact with an anticipated marketing thrust as identified in this report, the existing plant would not be able to accommodate the demand.

New construction should also be balanced with continuous upgrading of existing properties, especially those in the rustic category. Even the traditional markets are becoming more sophisticated and are requesting higher quality in both types of facilities (private baths, sauna, hot tub).

Because of the importance of scenery and integrity of the natural landscape it is important that all new developments are located in attractive, wilderness-type settings. Prospective operators should also be aware of any potential impacts on their property due to incompatible resource use (i.e. forestry, mining, transmission towers, etc.). There should be environmental quality security that accompanies guest ranch development. Operators should be given the opportunity to participate in land use decisions in their area.

The Ministry should encourage existing and new product to maintain an authentic western/ranch theme that differentiates it from a traditional resort. The ranch theme can best be maintained if the number of guests does not exceed 80 - 100. Certain additional amenities will be necessary to satisfy an increasingly sophisticated and demanding traveller (e.g. swimming pool, hot tubs, sauna). It is important to remember that while these amenities enhance the quality of the overall experience they should not detract from the ranch atmosphere. As one visitor put it, "when I stay at a ranch, I want to wake up to the sounds of horses and nature not to the ping pong of the tennis court".

Operators must continue to stress the special western hospitality that is associated with a guest ranch experience. Although many clients are initially attracted by the opportunity to ride and be around horses, they return because of the warmth and friendliness of their hosts. Visitors enjoy the personal touch, a chance to make friends with both the hosts and fellow guests.

A summary of the product recommendations is provided in Table 1.

MARKETING

The guest ranch sector is a small but viable component of British Columbia's overall travel industry.

To achieve the full development potential of this sector it will be necessary for both the Ministry and operators to increase what is presently a relatively low marketing expenditure.

NON-RESIDENT MARKETS

In order to increase revenues in these markets, promotion campaigns should be developed in partnership with those properties that have already invested in them and as well, have the necessary product (i.e. full service).

The primary non-resident markets are:

1. **Pacific Northwest** - Washington, Oregon.
2. **California** - Colorado has recently launched successful awareness campaigns in Southern California.

TABLE 1SUMMARY OF PRODUCT RECOMMENDATIONS

1. Support development of one and possibly two full service properties for upscale domestic and long-haul markets over the next few years.
2. Favour new properties in scenic, wilderness type settings.
3. Encourage ongoing upgrading of accommodation.
4. Encourage ongoing addition of amenities to existing properties, e.g. saunas, hot tubs, swimming pools.
5. Maintain the maximum number of guests at approximately 80-100.
6. Assure protection of a western theme.
7. Maintain guaranteed access to crown land.
8. Minimize environmental resource conflicts between the guest ranch industry and other resource users.

3. **Alberta** - the decline in the Alberta economy may provide British Columbia with the opportunity to promote family-oriented vacations. Studies have shown a reluctance by many Albertans to visit the cities of British Columbia.

Secondary non-resident markets are:

1. **Germany and Switzerland** - strength of the mark and franc against the Canadian dollar affords an opportunity to capitalize on what has been a strong interest in the western cowboy experience in Germany and Switzerland. Operators of European descent have been the most aggressive in pursuing these markets.

Tertiary non-resident markets with a longer term growth potential are:

1. **Ontario** - Travel Alberta has identified and begun to realize a significant interest by Ontario residents in the western ranch experience.
2. **Midwest U.S.** - cities such as Chicago, Cleveland, Minneapolis, Dallas and Houston. These cities have traditionally produced 50 percent of Colorado's guest ranch clientele. By exploiting interest in Canada as a foreign destination, British Columbia might be able to capture a share of this business.

Domestic Market

The primary and only significant market is the Lower Mainland and this can be expected to be a major generator of visitors, especially for rustic properties.

In terms of demographics the primary market segment is:

1. Family households with children and a household income of \$40,000 or more. The prime income earner is likely to be a professional, in business or sales and resident in an urban, metropolitan area. Key motivation or appeal would be the chance to get away, experience something different and share the experience as a family.

Other market segments include:

1. Urban-based childless couples with two incomes seeking fun, something different and the opportunity to meet others.
2. Urban-based singles seeking a novel experience and the opportunities to make new friends in a relaxed and friendly environment.

Future Marketing

It is suggested that the following steps be undertaken:

1. Awareness Program

An immediate generic awareness-type program should be established that promotes the experience and opportunity to all markets (for example using video, travel writer articles and a generic brochure similar to Colorado's brochure). In some instances, the guest ranch experience would be positioned as one of many attributes that makes British Columbia different, exciting and fun and would stand alongside other adventure products. In other cases, where awareness of the product is low, it would be advantageous to highlight the unique qualities of British Columbia guest ranches.

2. Domestic Directory

An information package in the form of a directory should be produced for the domestic market. This package could also form the basis of an eventual non-resident directory. Costs would be shared by participating properties and perhaps a commercial sponsor. The package would be developed by a proposed association of guest ranch operators.

Residents now select their guest ranch almost exclusively on the B.C. Accommodation Guide or word of mouth recommendations. Given both the tremendous diversity of the guest ranch product combined with a high propensity for repeat visitation, it is vital that visitors meet their expectations and enjoy their first visit. Over half the guest ranch visitors are from British Columbia and current visitation rates have been developed and sustained with the minimum of marketing expenditures. These levels should be protected and enhanced with further marketing.

3. Tie-in with Existing Ministry Marketing

The guest ranch product should be highlighted and promoted as part of existing provincial marketing campaign (i.e. present the guest ranch product along with culture to those Californians who are seeking foreign experience in a secure environment). While it is important to promote the entire guest ranch industry in a collective, generic way, emphasis should also be placed on specific guest ranch products when selling to the long-haul visitor. Since the number of such full service properties is very small it may be necessary to combine quality guest ranch product with other quality adventure product and produce a guide comparable to the Alberta Adventure Travel Guide.

4. Establish a Guest Ranch Association

As the industry is fragmented and unorganized at present, it is recommended that a Guest Ranch Association be formed to promote the industry as well as cooperate with the Ministry.

Interest has already been expressed in creating an association and there is ample experience among existing operators. The association could function as:

- a voice of the industry on such issues as liability insurance, environmental protection, etc.;
- a partner in promotion with the Ministry; and
- a source of technical assistance for upgrading and expanding existing properties.

As a marketing vehicle the association would be responsible for:

- attending trade shows;
- producing a directory;
- cooperating with the Ministry on all joint promotion; and
- attracting travel agents and wholesalers.

5. Produce a Marketing Strategy

It is important to develop a five year marketing strategy to ensure continued growth of the industry in terms of both increased volume and addition of new properties.

The strategy would serve the Ministry, the proposed guest ranch association and individual operators. Focus would be on both resident and non-resident markets.

Specific market segments that increase visitation in the shoulder season would be highlighted with special emphasis on emerging groups such as empty-nesters, agile seniors, childless couples, etc.

The strategy should focus on:

- primary non-resident markets in Pacific Northwest, California and Alberta;
- secondary markets in Germany and Switzerland;
- tertiary markets in Ontario (Toronto), Midwest U.S. (Chicago, Cleveland, Minneapolis, Dallas and Houston); and
- important domestic markets in the Lower Mainland and Victoria.

The marketing plan should establish an overall theme for British Columbia guest ranches and consider such techniques as:

- publication of a guest ranch directory;
- preparation of a video;
- identification of specific trade and consumer shows;
- establishing contact with relevant travel agents, adventure wholesalers and other trade influencers;
- consideration of an annual demonstration showcase in the Lower Mainland; and
- use of advertising, travel writers, individual operator sales techniques, etc.

As well, the strategy should deal with the ongoing relationship between the Ministry and the proposed association with emphasis on establishing basic marketing responsibilities.

A summary of marketing recommendations is listed in Table 2.

TABLE 2SUMMARY OF MARKETING RECOMMENDATIONS

1. Produce a marketing strategy to increase visitation of domestic and long-haul markets.
2. Develop a generic awareness program that promotes the guest ranch experience to all markets.
3. Assist all guest ranches in creating a marketing program aimed at the domestic market which ensures good product/market matching and high levels of satisfaction.
4. Assist full service guest ranches to increase their primary non-resident markets;
 - Pacific Northwest and California
 - Alberta
 - Germany and Switzerland
5. Wherever possible incorporate promotion of guest ranches as part of existing marketing activities of the Ministry.
6. Assist full service guest ranches with long term development of markets in;
 - Ontario
 - Midwest U.S., Texas
7. Encourage formation of a Guest Ranch Association in liaison with the Ministry to serve as a marketing vehicle.

JAN 29 1988

Guest Ranches of British Columbia

■ Product and Market Analysis



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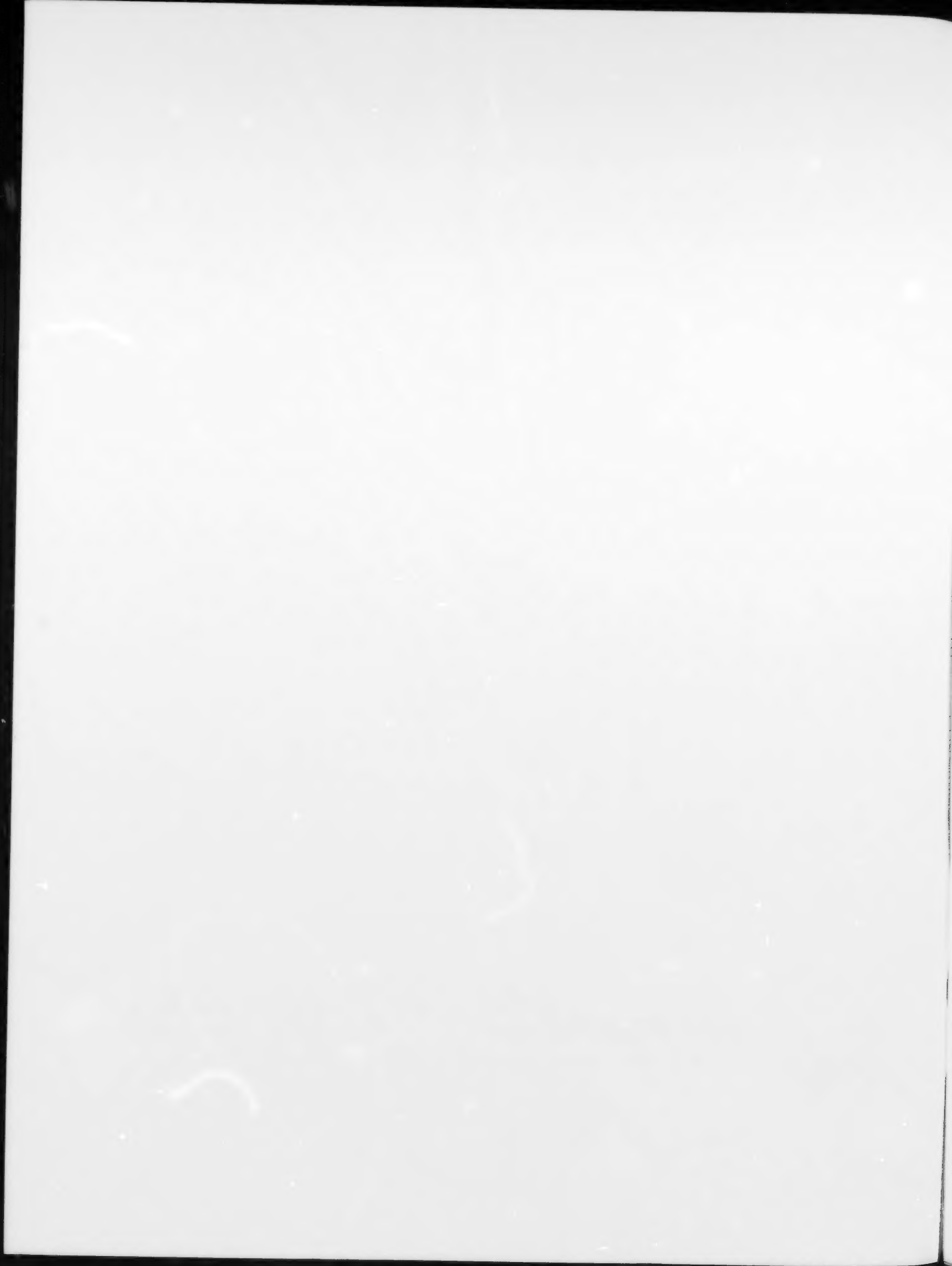


British Columbia
Ministry of Economic Development



Recreation and Culture

HON. BILL REID, MINISTER



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May, 1987



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1. INTRODUCTION

1.1

OVERVIEW

The tourism market in British Columbia for 'experiences' that involve activity, adventure and fun in a natural, outdoors environment is increasing at a substantial rate. Although the majority of British Columbia's tourists still prefer to tour the province, it is likely that we are experiencing only the beginning of a growth cycle in 'adventure tourism'. This trend has been described as follows:

"A recent study by pollsters Yankelovich, Skelly and White showed how consumer demand for a wide range of outdoor recreation opportunities will 'intensify in the decades ahead'. People are concerned about stress on the family, and their own physical fitness and health, and they are finding fulfillment through leisure activities rather than through traditional forms of work. Americans feel entitled to frequent leisure and outdoor recreation activities the Monitor by YSW showed. More than the young are interested in outdoor recreation, the senior population is increasing, and it's the most active and affluent in the nation's history."¹

In British Columbia many sectors of the travel industry have responded to this market by expanding existing offerings, diversifying product mixes or by launching completely new and creative outdoor adventure packages. Such experiences are offered by guest ranches which include dude ranches, working cattle ranches and farms, or by relatively sophisticated resorts with high quality accommodation and dining. Common to all of these is the western, possibly 'cowboy', horseback riding theme. This theme has demonstrated appeal to travelers from British Columbia, United States and Europe alike.

It is in this context of growth, change and opportunity that the Ministry of Tourism, Recreation and Culture has decided to take an

¹ Leisure Industry Digest, October 15, 1986.

in-depth look into the guest ranch sector of the adventure travel market. This study focuses on the existing and potential demand for accommodation-based leisure experiences which combine horseback/trail riding with the chance to explore remoter areas of the province and/or participate in compatible outdoor activities.

The purpose of the study was to gather data on:

- the organization of the industry;
- current industry operations in British Columbia and their characteristics;
- current visitor characteristics;
- current marketing approaches;
- the competition; and
- potential markets.

This information was used to evaluate the existing and potential economic impact of the guest ranch industry in British Columbia and to provide recommendations for future marketing and development of that industry.

1.2

METHODOLOGY

The study was conducted over a four month period from December 1986 to April 1987. In order to characterize the existing product and identify market opportunities the study team conducted telephone interviews with existing operators both within and outside British Columbia and with past guests. To assess the potential product and market opportunities, interviews were conducted with travel influencers, potential users and key industry contacts. The study methodology is summarized in the following text. Copies of all survey questionnaires are included in appendices at the end of the report.

1.2.1 Product Analysis

To gather information on the British Columbia guest ranch product, telephone interviews with ranch operators and on-site case studies were conducted. Guest ranches had to have two features to be included:

- on-site accommodation; and
- horseback riding.

A total of 34 guest ranch facilities was identified within British Columbia.² Twenty-five of these operators were interviewed. The remaining 8 were either not interested in being interviewed or did not respond to the consultants' inquiries. Operators were asked for information on the specific aspects of product, revenues, occupancy, market profiles, marketing efforts and future growth.

A classification system was developed using information from the survey. Using the classification system, 6 operators were selected for more in-depth discussions regarding existing markets, trends, opportunities and constraints.

1.2.2 Market Analysis

Existing and potential markets of the guest ranch industry were surveyed by contacting the following:

- users;
- potential users; and
- travel influencers.

² During this study 34 British Columbia guest ranches were contacted. It is believed that less than 5 guest ranches were omitted from the survey.

All operators interviewed were invited to send a list of approximately 40 guests. Only 12 operators responded, providing 275 names. Efforts were made to contact all 275 guests. Telephone interviews were completed with 130 guests, 62 guests did not answer after 3 calls and 83 guests could not be contacted because they were not listed in the telephone directory.

Operators were also requested to send a list of approximately 20 names and addresses of people who inquired about their facilities but did not visit the ranch. A total of 74 names was obtained from 6 operators. Twenty-six people were contacted, 4 of whom had actually visited a British Columbia guest ranch in 1986. These 4 were included in the user survey. Of the remaining 48 individuals, 10 did not answer after 3 calls. Thirty-six were not listed in the telephone directory and 2 preferred not to participate.

Market information was also obtained from travel influencers in North America and overseas. A list of wholesalers, inbound operators, travel agents, airline personnel and auto trip planners who specialize in adventure product was compiled. Thirty telexes were sent to overseas travel influencers and 7 responses were received. An additional 30 North American travel influencers were contacted by telephone. Twenty-two interviews were completed and 8 influencers were unavailable.

Data from all these sources were tallied, tabulated and summarized using basic descriptive statistics. Relationships between segments (based on demographics, geographics and psychographics), types of facilities, activities and location were assessed.

1.2.3 Competition Analysis

A comprehensive review of guest ranch operations in the northwest and southwest U.S.A. and Alberta was conducted. The competition

analysis included telephone interviews with government and/or association representatives who are involved with product development and marketing of guest ranches in Alberta, Colorado, Washington and Oregon. Interviews with 12 guest ranch owners in Alberta and Colorado were conducted. Operators from Washington and Oregon were not included as the guest ranch product and marketing are not well developed in these states. Site visits were made to 6 Colorado guest ranches.

1.2.4 Opportunities and Constraints

Opportunities and constraints were identified and classified according to product development and marketing.

1.2.5 Recommendations

Identification of opportunities and constraints enabled the study team to develop a clear set of recommendations regarding:

- upgrading and/or expansion of existing product;
- potential for development of new facilities; and
- future marketing strategies.



2. PRODUCT ANALYSIS

From the interviews with British Columbia's guest ranch operators it becomes apparent that the product is extremely variable. The properties offer a wide range of accommodation facilities, activities and ambience. Each ranch offers a slightly different experience and, therefore attracts a different mix of visitors. Despite variation in both market and product, all properties share one common theme. They have created an image of cowboys, campfires, good home cooking and western hospitality in an outdoors setting.

2.1 CLASSIFICATION

In attempting to develop a classification system it was realized that a cut and dried system would not apply to the guest ranches in British Columbia. Each ranch has developed its own unique atmosphere. It is evident that operators have developed a product which fits their own lifestyles and attracts guests who want the unique experience of particular facilities.

It was determined that British Columbia's guest ranches could best be classified into 2 broad groups: rustic and full service. Major characteristics of each group are as follows:

Rustic

- . rustic, spartan accommodation
- . shared bathrooms
- . limited number of recreational facilities
- . modest, moderate prices
- . family-run business, lifestyle operations
- . operations mostly in summer season
- . low levels of capital investment
- . very limited marketing
- . catering to families and the domestic, resident market.

Full Service

- . higher quality accommodation
- . private bath
- . recreational facilities (sauna, whirlpool, swimming pool) on-site
- . business-oriented
- . open largely year round
- . higher levels of capital investment
- . marketing consciousness
- . catering to families, couples and singles and to upscale domestic and out-of-province markets.

Approximately 25 percent of the properties in British Columbia fall into the full service category. Within each of these broad categories, there is considerable variation among operators. From the consumer's point of view the distinction between dude and guest, working and non-working does not appear to be that important. Availability of certain amenities and price would seem to be the most important factors influencing visitor preference once the visitor has determined that the western ranch theme is guaranteed.

2.2 THE PRODUCT

2.2.1 Geographical Distribution

Although the south central portion of the province contains 19 of the 34 guest ranches, there are ranches in each of the 9 tourism regions (Figure 2.1). This wide distribution provides a variety of western settings.

The 5 guest ranches in the northern regions (North by Northwest and Peace River) offer true wilderness and remote settings, and some are accessible only by floatplane. These ranches are located in the foothills of the Coast Mountains and typically have excellent fishing and hunting opportunities.



Figure 2.1

Guest Ranches in British Columbia

The 11 ranches in the Cariboo Region occur on the Interior Plateau and the rides take guests up into the surrounding foothills. The Cariboo Region, known as 'cattle country', offers wide open vistas to the foothills and distant mountain ranges. The vegetation is lush and several small lakes and rivers provide good recreational fishing.

There are only 3 properties in the Okanagan-Similkameen Region. They are located in the vegetated mountain valleys and offer excellent recreational water activities, i.e. boating, swimming, waterskiing etc. This is the most popular interior region for summer vacationers from Vancouver and Alberta.

There are 5 ranches located in 'sagebrush country' within the High Country Region. These properties offer a very unique setting and are located in a desert like environment. Visitors can ride along the sparsely vegetated dusty foothills or follow wranglers high into the mountains. In these areas the temperatures are cooler and the wranglers lead guests through spectacular forests of Ponderosa pines.

In the Rocky Mountain and the Kootenay Country Regions where there are 5 guest ranches, visitors can experience a unique mountain environment, the Rocky Mountain foothills. Trail rides include trips along lush river valleys and up into alpine meadows. The more adventurous riders can follow wranglers into nearby mountain ranges.

Within each region there are rustic and full service guest ranches. For most regions the proportion of ranches is typically 25 percent full service and 75 percent rustic.

2.2.2 Facilities

Overall, 60 percent of the properties surveyed are working ranches to some degree. Fifty-seven percent of the full service and 61

percent of the rustic guest ranches are working ranches. The working ranch varies from a few head of cattle to several hundred. A few of the operators allow the more experienced repeat visitor to participate in ranch activities. Only two operators keep general farm animals for the guests to assist with feeding, milking, etc. For the most part, the ranch is separate from the accommodation facility and, even though they share the same property, guests tend not to participate in ranch activities.

Guest ranch operators own or lease land and have access to crown land through grazing permits. Sixteen percent of the rustic guest ranches have access to more than 1,000 acres and 84 percent utilize less than 500 acres. In comparison the full service guest ranch operators have larger holdings of land. Approximately half of these operators have access to well over 1,000 acres.

Over half of the guest ranches in British Columbia have been in operation for over 20 years. The majority (64 percent) of the operators have taken over the properties within the last 10 years. Seventy-one percent of the full service and 61 percent of the rustic operators became ranch managers/owners within the last 10 years.

The full service properties average 8.5 months of operation a year while rustic properties average 7.5 months a year. Forty-three percent of the full service guest ranches and 28 percent of the rustic guest ranches offer year round service. These year round facilities extend horseback riding into the shoulder periods of April, May, June, September and October and offer cross-country skiing in the winter. Of those properties not open year round, 43 percent of the full service ranches and 60 percent of the rustic ranches operate 6 months or less. The remaining guest ranches (14 percent full service and 12 percent rustic) are open for 9 months of the year.

Accommodation

There is a wide range of choice of accommodation facilities for the guest ranch visitor (Table 2.1). The facilities range from simple housekeeping cabins with a separate bath house to private rooms with bath. Over half (57 percent) of the full service properties offer their guests a choice between lodge or cabin accommodation. Approximately three quarters (72 percent) of the rustic properties only offer individual cabins. Overall design of guest ranch buildings tends to reflect the western theme and most buildings are of log construction. Quality of the accommodation varies from spartan/rustic to comfortable/luxurious.

All full service guest ranch operators provide dining facilities and only 28 percent of these allow their guests to choose between eating in a dining room or cooking in their own unit (Table 2.1). On the other hand, not all rustic guest ranch operators provide dining facilities (23 percent have kitchen units only). Fifty-four percent of rustic ranches and 72 percent of full service ranches do not have kitchen units.

In order to maintain the atmosphere of western hospitality most operators offer communal dining services, and very few offer restaurant style dining which may attract non-guest ranch visitors. At most guest ranches dining rooms are designed to encourage interaction of guests with seating for 6 or more. One of the properties has established two seatings for lunch and dinner which allows adults to eat at a later time than children. This seating arrangement has proven to be very successful with both adult-only and family visitors.

Recreation

Typically, recreational opportunities focus on a range of western and ranch related activities (such as trail riding, roping,

TABLE 2.1

GUEST RANCH FACILITIESACCOMMODATION

	<u>Full Service</u> %	<u>Rustic</u> %	<u>All Guest Ranches</u> %
Cabins Only	29	72	52
Lodge and Cabins	57	12	40
Lodge Only	<u>14</u>	<u>16</u>	<u>8</u>
	100	100	100

DINING FACILITIES

Licensed Dining	44	0	12
Non-Licensed Dining	28	54	48
Dining/kitchen units	28	23	24
Kitchen units Only	<u>0</u>	<u>23</u>	<u>16</u>
	100	100	100

ADDITIONAL ON-SITE FACILITIES

Stable/Tack Room	100	83	84
Games Room	71	22	40
Lounge	71	22	36
Dock/Marina	43	33	32
Campsites	29	44	32
Sauna	57	17	28
Airstrip	43	11	28
Laundromat	14	22	20
Swimming Pool	43	5	16
Tennis Court	29	5	12
Hot Tub	29	0	8
Smokehouse	29	0	8

Source: Telephone survey of 25 guest ranch operators in British Columbia

branding, etc.) with relatively few alternatives. There are two reasons for this; limited availability of capital funds for construction, upgrading or expansion; and concern with maintaining a guest ranch atmosphere. When there are several alternate recreational activities the property is perceived as more of a resort than a guest ranch. Full service operators are recognizing that their markets are changing and demand for certain compatible amenities is increasing. For example, 43 percent of the full service properties have swimming pools. This type of development can pose a dilemma however, as one operator pointed out. He is building a swimming pool in response to visitor demand but several loyal repeat guests are worried that a pool is not in keeping with the guest ranch experience. Consequently, in order to satisfy both groups the pool will be located away from the central focus of activity.

Table 2.1 lists the various additional recreational facilities available on guest ranches in British Columbia and the frequency with which they occur. Facilities such as games room, swimming pool, hot tub and sauna are all amenities to enjoy after a day of horseback riding and are incorporated into the property without losing the guest ranch ambience.

2.2.3 Activities

For many properties the ability to provide additional recreational activities for its visitors is inherent in its location. Additional activities such as those listed in Table 2.2 are available to visitors within a short walk or drive from the property. Several properties are located on or near a lake where a variety of water based activities is available. Cross country skiing is the main activity for properties open in the winter. According to the operators an ideally located guest ranch is within a wilderness setting and within a half hour drive of a variety of recreational and sightseeing activities. Even for those visitors who

are keen horseback riders there are several free hours each day to pursue off-site activities. In pursuing off-site activities, guest ranch visitors contribute to the local economy.

Full service facilities offer a wider range of on-site and off-site activities (Table 2.2). In comparison with rustic facilities a higher percent of full service facilities are able to offer activities, such as tennis, golf and fitness programs, which are identified with the upscale market.

All properties offer guided trail rides which typically last for 2 to 3 hours. Only 16 percent of the properties surveyed allow non-guided trail rides. As liability insurance costs increase, the trend will be for guided trail riding only. Other types of horse related activities are available at the various properties. Each property has developed its own western flavour where some operators offer hayrides, weekly roping shows and ho-downs. Other operators only offer horseback riding and their western atmosphere is derived through the hospitality of the owners and staff. A higher proportion of the full service facilities offer more horse related activities than the rustic facilities. These horse related activities are offered as a non-structured program. Several times during the day, guests can choose to participate in one or more of these activities.

2.2.4 Pricing

The price of an overnight stay at a guest ranch is dependent upon the type of accommodation and meal arrangements. All but one of the full service guest ranches offer all inclusive packages (meals, accommodation and horseback riding). The average daily price is \$98, and ranges from \$50 to \$200. At the rustic facilities, the average daily price for all inclusive packages is \$75 and ranges from \$45 to \$110. Only half of the rustic properties offer all inclusive packages. The remaining properties offer housekeeping units ranging from \$20 (sleeps 2-4) to \$50 (sleeps 6-8) a night.

TABLE 2.2GUEST RANCH ACTIVITIES

	<u>Properties which offer Activities</u>		
	<u>Full</u> <u>Service</u> %	<u>Rustic</u> %	<u>All Guest</u> <u>Ranches</u> %
<u>HORSE RELATED</u>			
Guided Trail Rides	100	100	100
Instruction	100	89	96
Roping	57	33	40
Branding	43	39	40
Horsejumping	14	11	20
Non-Guided Trail Rides	14	11	16
<u>SUMMER ACTIVITIES</u>			
Fishing	100	94	96
Swimming	86	89	80
Boating	71	94	80
Canoeing	86	94	76
Golfing	57	39	76
Hunting	71	72	76
Overnight Backpacking	43	56	52
Children's Programs	29	28	36
Tennis	57	17	32
River Rafting	29	17	24
Fitness Classes	29	11	16
<u>WINTER ACTIVITIES</u>			
Cross Country Skiing	71	56	48
Sleigh Rides	71	39	40
Ice Fishing	43	44	30
Snowshoeing	57	33	28
Snowmobiling	29	33	26
Downhill Skiing	43	11	10

Source: Telephone survey of 25 guest ranch operators in British Columbia.

2.3

MARKET PROFILES

Even though 80 percent of the operators stated that they maintain some form of mailing list, they are for the most part unable to give accurate visitor data. Only 20 percent actually maintain detailed data on guest origin, age, status and occupation. Therefore visitor profile information derived from the operators survey (Table 2.3) is qualitative and subjective. This information is based on 'best estimate' percentages from 80 percent of the operators.

2.3.1

Origin

British Columbia residents account for the largest portion of the overall market. On average 56 percent of visitors to rustic guest ranches and 33 percent of visitors to full service guest ranches are British Columbia residents. According to several operators, visitors from the Lower Mainland account for 80 to 90 percent of their market.

Visitors from other Canadian provinces on average account for 15 percent overall - 21 percent for full service and 12 percent for rustic facilities. Specific provinces mentioned by operators in order of importance are Alberta, Ontario, Saskatchewan and Manitoba. Three guest ranches located close to the Alberta border have a very high Alberta market component (60 percent).

American visitors account for a 20 percent average share of the overall market. Full service guest ranches attract approximately twice (30 percent) the number of U.S. visitors as rustic guest ranches (16 percent). Although operators were unable to provide percentage breakdown by state of origin, Washington, Oregon and California were frequently mentioned. A few operators attract visitors from Texas, Alaska and central U.S.

TABLE 2.3MARKET PROFILE 1986

<u>Origin</u>	<u>Full Service</u> %	<u>Rustic</u> %	<u>All Guest Ranches</u> %
British Columbia	33	56	50
Other provinces	21	12	15
U.S.A.	30	16	20
Europe	15	15	14
Japan	<u>1</u>	<u>1</u>	<u>1</u>
	100	100	100
<u>Party Composition</u>			
Families	37	57	49
Couples	27	28	30
Singles	24	8	13
Groups	<u>12</u>	<u>7</u>	<u>8</u>
	100	100	100
<u>Age</u>			
Over 40	29	28	28
20 - 40	39	49	46
Under 20	<u>32</u>	<u>23</u>	<u>26</u>
	100	100	100

Source: Telephone survey of 25 guest ranch operators in British Columbia.

On average European countries account for 14 percent of the overall market. Full service and rustic guest ranches have the same proportion of European visitors (15 percent). Four guest ranches owned by individuals of European descent attract greater than 30 percent of their visitors from Europe. Germany and Switzerland are the most common origins among these European visitors.

The Japanese/Asian market is very limited. Only three properties reported attracting Japanese visitors.

It appears that most guest ranches with limited marketing budgets draw mainly from the nearest large population base, e.g. Vancouver, Calgary. Properties with less than a 50 percent British Columbia market have diversified their markets through extensive marketing efforts.

2.3.2 Age and Party Composition

Young families are the core of guest ranch business. This is reflected in overall party composition (49 percent families) and age breakdown (46 percent are 20-40 years old and 26 percent are under 20 years old - Table 2.3). Rustic facilities have a higher proportion of families (57 percent) than full service (37 percent). Most families visiting a guest ranch develop brand loyalty and return to the same guest ranch year after year. Repeat visitation is 60 percent for rustic properties and 55 percent for full service properties. As children grow up, family interest in guest ranches decreases and eventually the family stops visiting the property. In order to maintain occupancy ranches must continually attract new families.

To cater to the important family segment a few guest ranches offer babysitting and special children's play areas. As well, a few operators have developed children-only riding programs and have

built accommodation facilities for large groups of children. These programs have been very successful in attracting church groups, boy scouts, girl guides and disabled groups. Recently, liability implications of putting a minor onto a horse without the consenting adult nearby have forced these owners to stop or reduce children-only programs.

Full service properties are more successful than rustic properties in attracting a range of party types (37 percent families, 27 percent couples, 24 percent singles - Table 2.3).

Group travel makes up a small component (8 percent) of the total visitor profile. For the most part, rustic properties are too small to accommodate group tours. Full service properties large enough to accommodate tours permit tour groups in the shoulder season. Most operators feel the guest ranch product is not compatible with group tours and have limited the number of tours they accept.

2.3.3 Secondary Markets

In order to improve occupancy during the shoulder and winter seasons, full service properties have developed secondary markets. They have targeted groups in British Columbia and Alberta for small conferences. As the ranches do not have extensive conference facilities the main dining room is often used as a meeting room. Several operators have also developed local trade for shoulder season activity and rent out facilities for one day meetings, weddings etc. During the winter months several operators offer cross country ski packages. Winter occupancy is only an option for properties which have good access, snow and winterized cabins. Cross-country skiers come primarily from the Lower Mainland.

2.4 MARKETING EFFORTS, 1986

Responses³ from operators indicate that marketing effort varies considerably among ranches (Table 2.4).

The total combined 1986 marketing expenditure for the 22 properties was \$183,000. Full service and rustic operators spent totals of \$151,000 and \$32,000 respectively.

Fifty-five percent of rustic guest ranch operators spent less than \$1,000 per year on marketing in 1986 and relied primarily on word of mouth. The B.C. Accommodation Guide is the main avenue for attracting new visitors for these operators. Rustic guest ranch owners publish a brochure, but due to their restricted budgets, the number, quality and circulation of the brochures are limited.

Thirty-nine percent of rustic operators spent between \$1,000 to \$5,000 on marketing in 1986. Marketing tools used were quality brochures, trade shows, direct mail and local radio and newspaper. The most effective marketing tool was word of mouth and the B.C. Accommodation Guide. Local radio and newspapers were effective in attracting shoulder season business. Most often operators promoted their product at trade and sport shows through their regional tourist association and did not attend the show. Operators felt that trade shows were not an effective tool because their properties were being advertised along with all other regional products and that information was somehow lost.

In 1986 all full service operators had relatively large marketing budgets (greater than \$5,000). These properties tend to have a higher capacity and need to attract more guests on a year-round basis. Owners utilized their own individual marketing plans, which they felt were most effective. For example, one owner

³ Of the 25 operators surveyed, 22 provided marketing information.

TABLE 2.4MARKETING EFFORTS

<u>MARKETING \$/YEAR</u>	<u>FULL SERVICE %</u>	<u>RUSTIC %</u>	<u>ALL GUEST RANCHES %</u>
Less than \$1,000	0	55	50
\$1,000 - \$5,000	0	39	12
\$5,000 - \$10,000	29	6	11
Greater than \$10,000	<u>71</u>	<u>0</u>	<u>27</u>
	100	100	100

<u>MARKETING AVENUE</u>	<u>PERCENTAGE USE BY RANCH TYPE</u>	
Accommodation Guide	57	77
Brochures	100	82
Trade Shows	71	29
Newspaper	43	47
Magazines	57	35
Direct Mail	14	18
Radio	29	24
Posters	0	5

Source: Telephone survey of 25 guest ranch operators in British Columbia

preferred to advertise in Vancouver and Seattle newspapers while another felt that advertising in a magazine with a related feature article was more effective. Full service operators marketed in British Columbia and, where funds permitted, in Washington and Alberta. To attract European markets a few properties dealt with German and Swiss wholesalers. For the most part these properties acquired very few new visitors through the B.C. Accommodation Guide. The most effective marketing tool for the full service facilities was word of mouth. Other avenues such as newspapers and magazines, direct mail, trade shows and brochures were less important.

Patterns in the 1986 marketing efforts of the British Columbia guest ranch industry reflect trends shown in a recent survey by the President's Commission on Americans Outdoors. The survey showed that the most effective marketing tools were; word of mouth (38 percent); newspapers (36 percent); specialized magazines (11 percent); T.V. (11 percent); radio (7 percent) and other sources (19 percent).⁴ The publisher of American Demographic Magazine attributed this trend in marketing effectiveness to maturing 'baby boomers'. This large group (an estimated 77 million in the U.S.) is well educated and is not just a consumer of experiences but a consumer of information. An ad in a newspaper, a magazine or a piece of direct mail, is likely to be more effective, than an ad on television. An educated audience of 'baby boomers' is most likely to be reached by the print media.⁵

2.5 FUTURE OF THE INDUSTRY

Twenty-three of the 25 operators surveyed feel there is excellent growth potential in the guest ranch sector. Of the two remaining owners one has no opinion and the other feels that the industry will remain the same.

⁴ Leisure Industry Digest, Volume VII, Jan. 1987.

⁵ U.S. Travel Data Center and The Travel and Tourism Research Assoc. Proc. 12th Annual Travel Outlook Forum, Miami Beach, Oct. 1986.

Rustic guest ranch operators feel that constraints for growth are due to their limited cash flow and their inability to get funding for expansion or upgrading. Twenty-eight percent of the rustic ranch operators are very satisfied with their present operation and have no plans for future growth. Availability and increased costs of liability insurance are major constraints to growth for 10 percent of these operators.

The majority of the full service operators are interested in upgrading their facilities and do not want to expand. These operators feel that if their volume of business becomes too large (i.e. greater than 80-100 visitors at a time) the personal touch will be lost and expectations of the guests will not be met. These owners are only interested in upgrading their facilities by renovating the interior and exterior of buildings, constructing a pool, hot tub and sauna, and in some instances adding private baths to rooms.

For those guest ranches with ongoing upgrading plans renovations coupled with an effective marketing plan are expected to result in increases in the number of long-haul and upscale visitors.

Several guest ranch operators have a major concern for protection of the environment. Operators are worried about accessibility and availability of crown land for trail rides. Several operators want to be involved in resource management decisions. These operators feel helpless in being able to protect their surrounding environment which is essential to the success of their operations.

Over 80 percent of all guest ranch operators surveyed requested assistance with marketing. Most operators are interested in a brochure which sells all of British Columbia's guest ranches. Approximately 25 percent of the operators would like to see the formation of a British Columbia guest ranch association.

2.6 ECONOMIC IMPACT

An economic comparison of the two categories of guest ranches is presented in Table 2.5. This summary includes information obtained from the 25 operators who were interviewed and an extrapolation to all of the 34 guest ranches.

2.6.1 Total Revenues, 1986

In 1986 the British Columbia Guest Ranch industry generated an estimated \$3,545,600 in revenue from an estimated 102,416 visitor nights of business. Based on the market profile information an estimated \$2,160,200 was a result of non-resident visitor expenditures. Total estimated capital investment of the 34 guest ranches for 1986 was \$20,331,000. Estimated employment of the industry was 46 full-time yearly employees, 96 full-time seasonal employees and 36 part-time employees.

2.6.2 Comparison By Guest Ranch Category

When economic data are compared by guest ranch category it is clear that the majority of the economic input is provided by full service properties. The 9 full service properties account for 48 percent of the annual visitor nights, 74 percent of the annual gross revenues and 65 percent of the total capital investment.

Full service guest ranches account for 65 percent of full-time annual employment and 61 percent of part-time employment. Rustic properties account for 54 percent of seasonal full-time employment. Overall, full service guest ranches are able to charge a higher daily rate, have a greater guest capacity, tend to have higher occupancy in shoulder season months and have higher overall occupancy than rustic properties. Differences in economic input reflect these factors.

TABLE 2.5
ECONOMIC COMPARISON OF BRITISH COLUMBIAN GUEST RANCHES: 1986

	FULL SERVICE		RUSTIC		TOTAL
	Surveyed ¹	Extrapolated ²	Surveyed ¹	Extrapolated ²	Extrapolated
SUPPLY					
Number of Properties	7	9	18	25	34
Number beds/night	329	429	395	471	900
ANNUAL VISITOR NIGHTS					
Total	46,500	48,500	40,572	53,916	102,416
Average/Property	6,645	-- ³	2,300	--	
ANNUAL GROSS REVENUES					
Total	\$1,959,000	\$ 2,609,000	\$636,000	\$ 936,600	\$ 3,545,600
Average/Property	\$ 279,900	--	\$ 35,300	--	
CAPITAL INVESTMENT					
Total	\$9,026,000	\$13,026,000	\$5,539,000	\$7,305,000	\$20,331,000
Average/Property	\$1,290,000	--	\$ 308,000	--	
TOTAL STAFF					
Yearly Full-time	30	--	16	--	46
Seasonal Full-time	44	--	52	--	96
Part-time	22	--	14	--	36

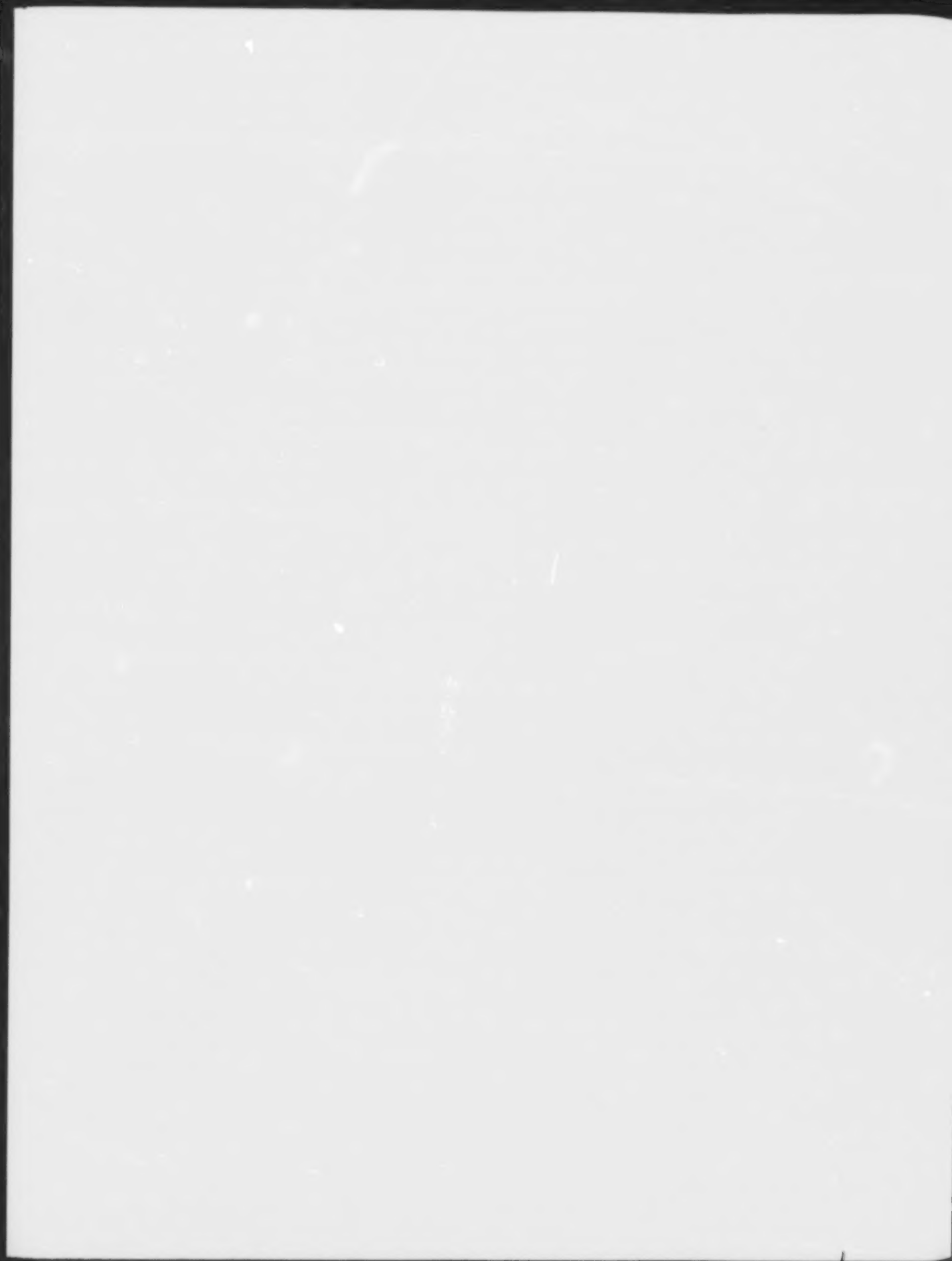
¹ Economic data based on telephone survey of 25 guest ranch operators.

² Economic data extrapolated to include the 9 guest ranches not surveyed.

³ Data have not been extrapolated.

2.6.3 Economic Growth

Guest ranch operators were requested to provide economic data over a 3 year interval (1984-1986). Not all operators surveyed were able to provide these data. Full service guest ranches exhibited the highest economic growth. Based on 6 of the 9 full service guest ranches average growth in gross sales was 28 percent with a range of 13 to 50 percent. Thirteen of the 25 rustic properties indicated a considerably lower average; 6 of these properties indicated a 10 percent growth and 7 indicated less than 2 percent growth.



3. MARKET ANALYSIS

3.1 VISITOR SURVEY

3.1.1 Sample Characteristics

Two hundred and seventy-five names of visitors were received from ranch operators. Telephone interviews were successfully completed with 130 of these guests. While 12 properties were represented in this sample, over 70 percent of responses related to just 4 properties. Because of the small sample size and the non-random sample design, the responses contain several areas of bias which should be taken into account when reviewing the results. While both full service and rustic properties were covered by the survey, the sample is not judged to be representative of all properties. The sample is possibly biased towards those better organized properties where managers were both willing and able to supply guest information. European and Japanese visitors were not contacted; the survey only includes North American visitors.

3.1.2 Market Segments

While the limitations of small sample size preclude any sophisticated and rigorous segmentation analysis, the data appear to support the notion of market segments based on product type and visitor origin. In the first category, product type, guest ranch properties are differentiated between rustic and full service properties. The rustic product includes modest to low priced accommodation, shared bath facilities and a rustic, non-luxurious environment. Full service properties offer higher priced accommodation, private baths and better quality accommodation facilities.

In the case of visitor origin, the markets can be distinguished between British Columbia, other Canada and the United States. Figure 3.1 illustrates the sample size for each of these sub-groups. Because of very limited sample, many of the differences that appear to exist between sub-groups may not be statistically significant. The comparative analysis is used only to identify patterns and trends.

3.1.3 Seasonal Preference

While the majority of respondents, 65 percent of the total, stayed at a guest ranch in the summer, there are several differences between the 2 market segments. Full service properties received more business in the fall months of September through November than their rustic counterparts. Also, the domestic market appears to be more likely to stay at a ranch in the shoulder months of spring and fall (Figure 3.2).

3.1.4 Length of Stay

Most visitors (42 percent) spent between 1 and 3 nights at the guest ranch. Figure 3.3 illustrates that rustic properties attract visitors for longer stays. Whereas 25 percent of domestic visitors spent more than 8 days at a guest ranch, no visitors from other parts of Canada stayed longer than 7 days.

3.1.5 Prime Destination

The guest ranch property was the sole destination for 74 percent of the visitors.

3.1.6 Party Size and Composition

Most visitors travelled to a guest ranch either as a couple (41 percent) or as a family (47 percent). Single adults comprised

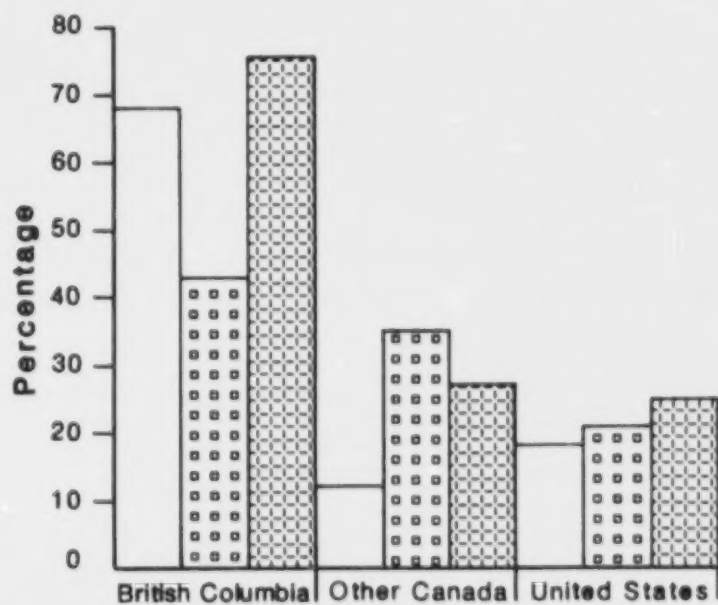


Figure 3.1
Guest Ranch Visitors'
Origin by Product Type

SOURCE: Telephone Survey of 130 Guest Ranch Users

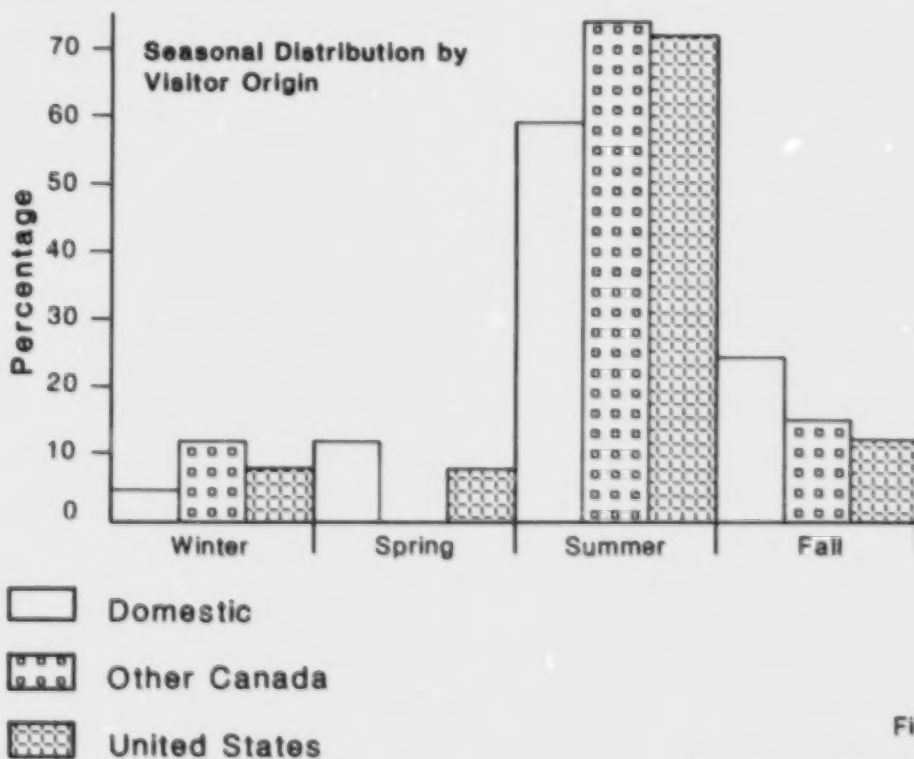
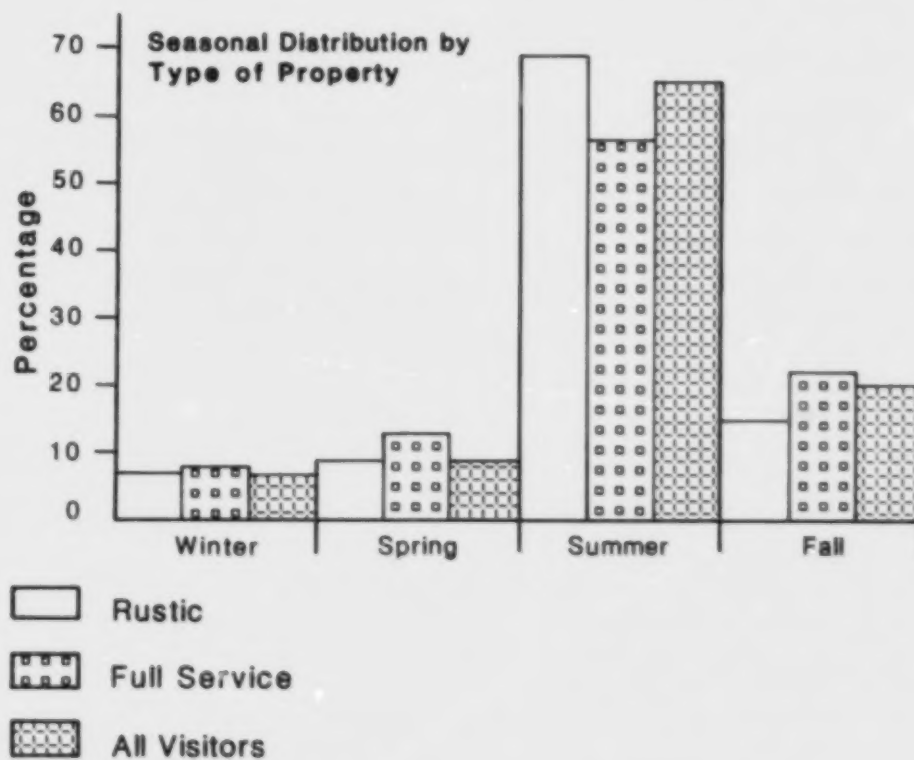


Figure 3.2

Seasonal Distribution
of Guest Ranch Visits

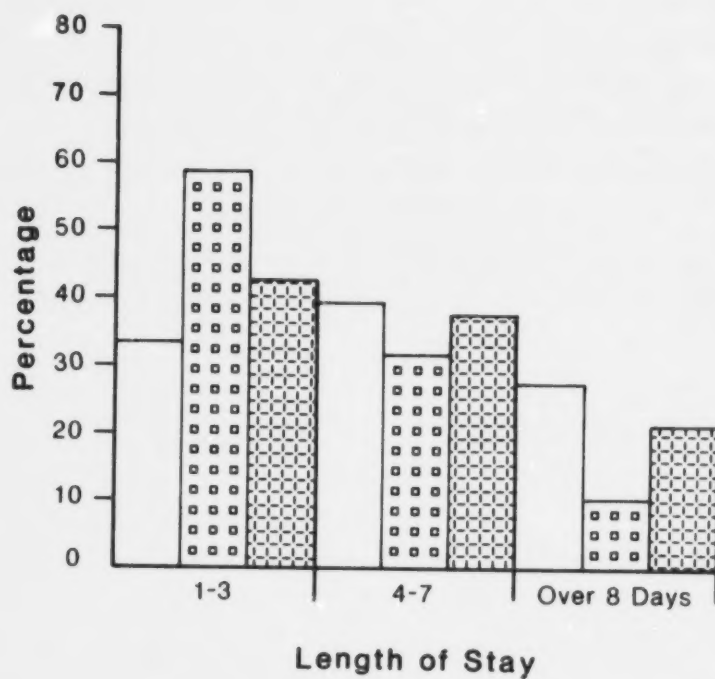


Figure 3.3
 Length of Stay
 at Guest Ranches

SOURCE: Telephone Survey of 130 Guest Ranch Users

only 11 percent of the market. A higher proportion of parties (greater than 2 people) stayed at rustic ranches (65 percent) than at full service properties (58 percent).

3.1.7 First Timers or Repeats

Only 30 percent reported that this was their first trip to a guest ranch. Of the guests at full service properties, 70 percent had stayed on a ranch before, compared to 67 percent of the visitors to rustic properties. Of those travellers who had a similar experience before, 78 percent had stayed at the same resort. Brand loyalty appears to be very strong. None of the people who had stayed at rustic properties had ever visited a guest ranch outside the province. In contrast, 19 percent of visitors to full service properties had done so.

3.1.8 Recreational Activities

The most popular activities after horseback riding were hiking, fishing and swimming. Visitors to rustic properties appear more likely to fish and less likely to swim than their counterparts to full service properties.

	Full Service Total %	Rustic Total %	All Properties Total %
Horseback Riding	94	90	91
Fishing	37	43	37
Hunting	-	4	2
Boating	2	7	5
Canoeing	29	4	13
Swimming	45	29	30
Tennis	13	1	5
Hiking	48	46	46
Cross Country Skiing	13	9	10

3.1.9 Experience Sought

Respondents were asked what kind of experience they were looking for when deciding to stay at a guest ranch. Of 130 responses, 26 percent related to horses in some way. As important, was the notion of getting away, enjoying the peace, quiet and privacy, and experiencing something different. Over 11 percent were attracted by the chance to get outdoors and participate in some form of outdoor recreation. Ten percent of the responses referred to the rustic experience and the special atmosphere.

3.1.10 Level of Satisfaction

The vast majority of visitors to British Columbia's guest ranches appear to be very satisfied with their experience. Seventy-five percent rated their experience as a 5 on a scale of 1-5 and a further 16 percent gave their experience a rating of 4.

3.1.11 Highlights and Memorable Features

The most frequently mentioned highlights and memorable features of the guest ranch experience relate to the people who provide this vacation opportunity. Nearly half the survey respondents mentioned either the people, the hospitality, the food or the rustic atmosphere as being positive highlights. Participating in ranch activities and horseback riding was next in importance in 26 percent of the responses.

3.1.12 Potential Improvements

Given the very high levels of visitor satisfaction it is not surprising that respondents could provide very few suggestions regarding ways in which individual properties could improve their product. Most frequently mentioned suggestions related to upgrading cabins and washrooms, and increasing recreational activities and amenities such as saunas, hot tubs and swimming pools.

3.1.13 Mode of Transport

Eighty-three percent of respondents drove to the guest ranch by car. Nine percent flew then rented an automobile. Five percent arrived by plane and 3 percent arrived by bus.

3.1.14 Trip Planning

Very few respondents made an impulse decision to visit a ranch, i.e. planned their trip less than two weeks prior to taking it. Ninety percent of the visitors planned their trip less than a year before with planning periods breaking down fairly evenly: 29 percent began planning between 2 weeks and 2 months; 31 percent began planning between 2 and 6 months and another 31 percent took between 6 and 12 months. Many visitors reserve their next year's visit when departing a ranch.

3.1.15 Sources of Information

When asked how they obtained information about guest ranches, word of mouth recommendations were cited by nearly half the respondents (Figure 3.4). The B.C. Accommodation Guide was mentioned by 20 percent and newspaper or magazine advertisements by 16 percent of the visitors contacted.

3.1.16 Other Guest Ranches Considered

Due to the high level of repeat visitation, the majority of respondents (73 percent) indicated that they did not consider any other properties when planning their trip.

3.1.17 Reasons for Resort Selection

The most frequently mentioned reasons for choosing a specific resort were recommendations of others (i.e. word of mouth), convenient location and brochure.

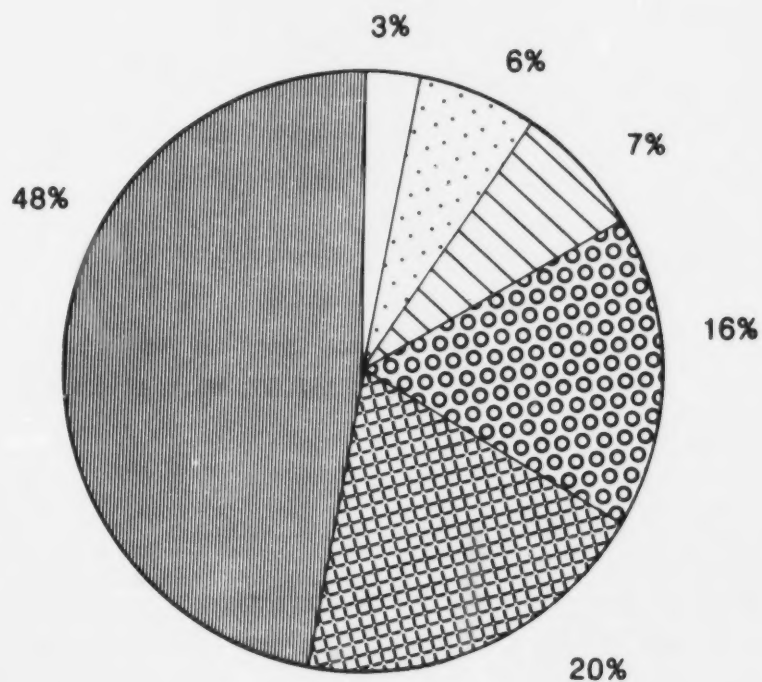


Figure 3.4
Guest Ranch Visitors'
Source of Information

SOURCE: Telephone Survey of 130 Guest Ranch Users

3.1.18 Packaging

Sixty-eight percent of the respondents paid for an all inclusive package and 66 percent indicated that they preferred this arrangement.

3.1.19 Expenditure

Average expenditure per person per day while visiting a guest ranch in British Columbia was \$57.00, with a range of \$10 to \$400 per day.

3.1.20 Intention to Repeat

The high level of visitor satisfaction with the guest ranch is reflected in the fact that 92 percent of survey respondents said they are planning another stay at a guest ranch. Sixty-eight percent responded that they will visit a guest ranch again. Ninety-three percent of these respondents indicated they will return to the same property.

3.1.21 Demographics

Of the adult visitors surveyed, 52 percent were male and 48 percent were female. The average age of male visitors was 35 and the average age of female visitors was 42.

Occupational status of respondents is skewed towards the professions: 44 percent of respondents indicated they belonged to a profession; 19 percent were business people; 23 percent were tradesmen or labourers; and 6 percent were in sales.

The relationship between occupational group and type of guest ranch visited is shown in Figure 3.5. Professionals comprise 44 percent of the total market and they account for a 52 percent

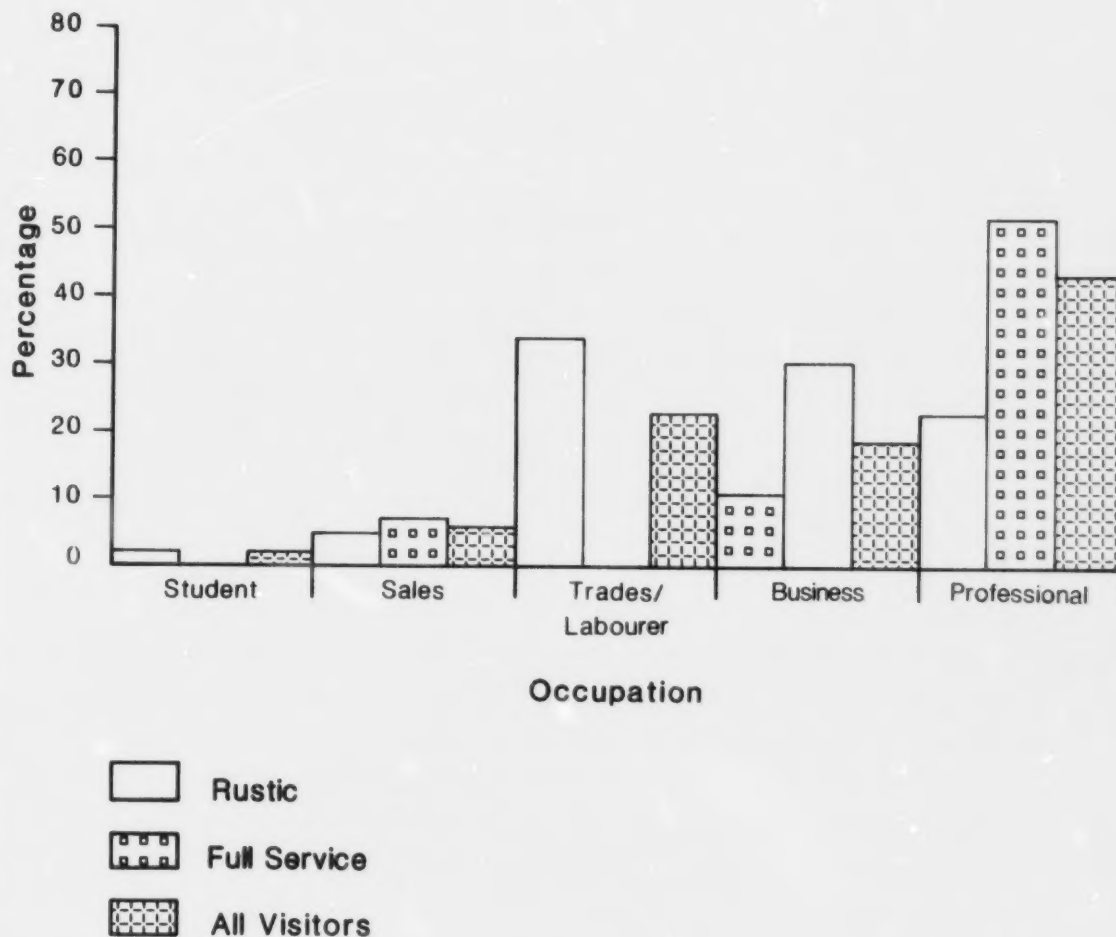


Figure 3.5
Occupation
of Guest Ranch Visitors

SOURCE: Telephone Survey of 130 Guest Ranch Users

share of the market for full service properties and only 28 percent of the market for rustic properties. Tradesmen and labourers account for a 34 percent share of the rustic properties market but none of the full service market.

3.1.22 Origin

The visitor's origin also differs according to the type of guest ranch facility. Rustic properties rely more heavily on British Columbia residents, drawing 68 percent of their visitors from the domestic market. Twelve percent of visitors to rustic properties come from other parts of Canada while 18 percent come from the U.S.

Full service properties cater to more out-of-province Canadians (35 percent) and Americans (35 percent). The domestic British Columbia market accounts for 43 percent of their clientele.

3.2 POTENTIAL USER SURVEY

Guest ranch operators were requested to submit a list containing names of people who inquired about, but did not visit their property. All together, names of 74 people who made inquiries were received from 6 guest ranch properties. A total of 22 telephone interviews were completed with these individuals. Many names submitted could not be located. Also, no further attempts were made to contact individuals who did not respond after 3 calls.

Of 22 people interviewed, 21 received the information they had requested from the specific guest ranch. Half of the respondents obtained information from more than one guest ranch and all, but one inquiry, related to British Columbia facilities. Two ostensible reasons were given for requesting information. One group (45 percent) was specifically interested in a vacation featuring horseback riding in a predominantly ranch type setting, and another group (36 percent) was curious and wanted to explore different options for a holiday.

The majority (82 percent) of respondents, failed to visit a guest ranch in 1986 primarily due to alternative vacation plans (56 percent) and expense of a guest ranch vacation (33 percent).

Although 18 percent of respondents visited a ranch in 1986, 27 percent were planning a holiday at a guest ranch in 1987, and another 27 percent intended to visit guest ranches within 5 years. Twenty-three percent expressed no desire to visit a guest ranch and 14 percent were uncertain. All those who affirmed a future trip, also indicated a destination in British Columbia.

The majority of people interviewed were married (68 percent) and fell into the 30-45 age category. Occupations of respondents were extremely varied and included homemakers, professionals, business people, students, and labourers.

3.3

TRAVEL INFLUENCERS SURVEY

Twenty-two travel influencers consisting of wholesalers, travel agents, airline carriers and auto trip planners from North America and overseas were surveyed either by telephone or through telex. North American influencers represented the following areas: British Columbia, Alberta, Ontario, Washington, Texas and Pennsylvania. Overseas countries represented were: Australia, France, Italy, Germany and England. Presently the guest ranch industry is not a primary interest of travel influencers, and not surprisingly only 48 percent of those contacted responded to the survey.

3.3.1

North American Travel Influencers

Only 29 percent of the travel influencers contacted in North America actually sell British Columbia guest ranch product. These influencers sell tour group and individual packages to over 200

visitors in 1986. British Columbia consumers are the primary geographical market for all but one of the influencers who sells to 95 percent European consumers. The influencers are unable to provide market profile data. All of the influencers selling British Columbia guest ranch product are very happy with the quality of product. The majority of the influencers also feel that there is an increase in the demand for guest ranch product and are planning on increasing their number of packages for 1987.

Seventy-one percent of the North American travel influencers are unaware of the British Columbia guest ranch product. Of these influencers 48 percent do not sell a guest ranch product. Even though the majority do not sell guest ranch product they are interested in adding the British Columbia product to their program. Travel influencers in Texas and Pennsylvania are primarily interested in British Columbia's fishing and hunting opportunities and are only interested in the guest ranch product if it is in combination with these other activities. All of the travel influencers who are familiar with the guest ranch product also sell it. The marketing challenge is therefore to make more travel influencers aware of what British Columbia has to offer.

3.3.2 Overseas Travel Influencers

Overseas travel influencers are more familiar than North American travel influencers with British Columbia's guest ranch product. Over 300 trips to 4 guest ranches were sold in 1986. According to overseas influencers, they are selling to an older, upscale market that demands quality accommodation. German and French wholesalers want to increase their British Columbia product and volume, however, they want to be assured that their clients' demands for quality are met.

3.3.3 Conclusions

From the contacts with the travel influencers it is apparent that there is a growing demand for guest ranch experiences in North America. Only a minority of travel influencers contacted are aware of the British Columbia guest ranch product, however, over 80 percent of these travel influencers are very interested in adding British Columbia ranches to their product line. Quality of accommodation is especially important to overseas travel influencers, and they are interested only in the full service facilities which are of limited number in British Columbia.

4. COMPETITION ANALYSIS

Alberta, Washington, Oregon and Colorado were selected as the prime competitors to British Columbia's guest ranch industry. These areas have very similar mountainous terrain and provide a similar western atmosphere to British Columbia. The objectives of the competition analysis were to identify and compare to British Columbia, the product, markets and success of the guest ranch industry in each competitive area. The analysis is based on the interviews with key contacts in the Tourism Agencies, Guest Ranch Associations and guest ranch operators.

4.1 WASHINGTON

There are approximately 20 guest ranch facilities in Washington State. The State Tourism Agency does not put any emphasis on development or promotion of their guest ranch industry. This agency feels that the guest ranch industry is a very small portion of the total outdoor adventure industry. According to Bill Taylor, State Travel Director, the guest ranch industry is not well developed and the product tends to cater primarily to a domestic market. In the interviews conducted for this study, several U.S. citizens commented that they prefer the quality of British Columbia's guest ranches to Washington's. With the information available, it appears that Washington guest ranches are not (seen as) an important competitor to British Columbia's product.

4.2 OREGON

In Oregon there are very few true guest ranches. According to Frank Howard of the Oregon Economic Development Department (Tourism Division) there are only 2 guest ranches which are working ranches and 4 non-working guest ranches. There are 20 other facilities which offer horseback riding but they are identified as destination resorts and lodges which also offer a wide

variety of outdoor activities. According to a recent survey, 9 percent of the visitors to Oregon visit a resort/guest ranch. The most popular activities are related to sightseeing activities⁶.

Market information is not available from Oregon, however the State Travel Board feels that guest ranches cater to a domestic and family market. The Board recently produced a video which features a Japanese family visiting a guest ranch. The video has been very successful in increasing the Pacific Rim Market (specific data are not available).

Due to the limited number of guest ranches, their dependence on domestic markets, and relatively undeveloped marketing, it is felt that Oregon guest ranches are currently not competing with British Columbia's guest ranches.

4.3

COLORADO⁷

In Colorado the guest ranches have been in operation for over 50 years. The product is well developed and the operators have formed an association, the Colorado Dude and Guest Ranch Association (CDGRA), which aggressively markets the State's guest ranches. To some extent the Colorado Guest Ranches have had their 'hay-day' or are certainly on a plateau following the boom years of the 1950's and 1960's. That was a time when John Wayne movies were creating positive western images and there was an unprecedented 'era of the old west'! In fact those western movies had a similar impact to that which the Love Boat series has had on the cruise ship industry. So the industry is at a point of potential transition in Colorado. The boom has been over for a decade yet there is more than a glimmer of enthusiasm amongst operators.

⁶ Oregon State University (1985). Travel Advertising Study prep. for Oregon Economic Development Dept.

⁷ Information from interviews with 6 ranch operators and discussions with Wright Katlow, Director of the Colorado Dude and Guest Ranch Association.

4.3.1 Product

Colorado guest ranches fall into several broad categories:

- upscale resorts that began as guest ranches;
- family run guest ranches; and
- corporately owned guest ranches.

Accommodation

Most ranches have cabins with a central lodge that may or may not sleep guests. Cabin style (log construction) with fireplace and a loft (for children) are the most popular types of units. As in British Columbia it is certain that the demand is increasing for quality accommodation.

Facilities

Unlike British Columbia a full 90 percent of the ranches have swimming pools and more than half have hot tubs and saunas. Twenty percent have tennis courts but only the more expensive resorts have these facilities. All have games rooms.

Ten percent have seminar or conference type facilities and more operators are going after the small seminar market. This use is only promoted in the winter and the competition is very strong.

Other new facilities that have been added at some of the upscale properties include - exercise rooms, racquetball courts, video rooms. This level of sophistication does not seem in keeping with the British Columbia operators desire to protect the true western image.

Activities

All operators have guided trail rides with instruction but due to liability costs, none have non-guided trail rides. Branding and roping and barnyard activities are only offered at 10 percent of the ranches. Stocked ponds can be found at many locations and all offer fishing (frequently excellent stream fishing). River rafting is very popular and approximately 75 percent of the operators offer it as part of the package or as an additional cost. Ten to 20 percent offer canoeing and boating. Twenty percent offer a hunting package that includes food and facilities. Seventy five percent offer overnight backpacking but this option costs about \$100.00 U.S. extra per day. It is not generally promoted because it takes extra staff and preparation time. Most (75 percent) offer golf close by and this is popular with domestic clientele. Jeep trail rides are available at most ranches as are staff shows, hay rides, square dancing, ranch chores and volleyball. Hot air ballooning is being tried at those 3-4 ranches where it more specifically seems to be of interest to the operators.

Of the 10 properties that opened for the winter in 1986-87, all offered cross-country skiing, sleigh rides, snowshoeing and half offered snowmobiling and downhill skiing (at resort areas such as Aspen and Steamboat Springs).

Pricing

In the summer, visitors to Colorado guest ranches can only purchase a 5, 6 or 7 day all inclusive package. Daily rates range from \$67 to \$133 U.S. For a family with 2 or 3 children the final bill is approximately \$2,500 U.S. for 6 days. In comparison, a visit to a guest ranch in British Columbia is more flexible (i.e. less than 5 days) and the cost can be considerably lower.

The market still perceives a guest ranch as a relatively inexpensive vacation especially since many of the facilities of a resort are offered. This is one of the major reasons, in both British Columbia and Colorado, that consumers are so sensitive to price increases. Added to this pricing issue is the fact that 60 percent of the visitors are repeat or referrals who after several years at a property are looking for a price discount not an increase. It is interesting to note however, that one Colorado ranch doubled its rates in 1985.

In Colorado, ski resorts offering horse programs are the main competitors with guest ranches. The Vail and Steamboat areas have embarked on a major summer marketing program, offering heavily discounted packages in order to improve their annual cash flow. While British Columbia destination areas like Whistler or the interior ski centres may eventually add horse programs, these are not expected to compete with the guest ranch product.

4.3.2 Markets

Market characteristics vary with the individual property and over the years each property has concentrated on different regions of the U.S. There is also a considerable difference between winter clientele who are almost exclusively resident visitors and summer clientele who are largely non-residents (as high as 95 percent at some locations).

Visitor Origin

Accurate statistics are not available, however informal calls by the Director of the Colorado Dude and Guest Ranch Association with several operators produced the following year-round market profile:

Colorado	25%
Midwest	50%
California	8%
Florida	8%
New York/Boston	4%
Others	5%

This market breakdown has been fairly stable. The midwest, which is described as "a few hundred miles either side of the Mississippi River"⁸, has been particularly important and may account for as much as 75 percent of their summer trade. It is the major central U.S. cities of Chicago, Cleveland, Minneapolis, Dallas, Houston, etc. that have produced the most visitors. These could all be strong markets for British Columbia. There are definite shifts however, largely due to targetted awareness campaigns by the Colorado State Tourist Board. Atlanta, Southern California, and Florida are becoming stronger and one operator sells almost exclusively to southern California.

While British Columbia has developed a relatively strong European market (14 percent), that market is virtually non-existent in Colorado. One operator is beginning to promote in France with the wholesaler Relais-Chateau.

Party Composition

Families may account for more than 80 percent of the parties to many ranches. Of the remaining 15 to 20 percent, the majority are single women arriving individually or in groups of 2 to 3. The women, in particular, appreciate the security of this type of vacation. Children's programs play a strong role in attracting families. In fact, the association's latest film/video is actually directed at children and will be shown on cable T.V. for a young audience. Most ranches have given little or no consideration to other market segments.

⁸ Wright Katlow, Director of the Colorado Dude and Guest Ranch Association.

Visitor Characteristics

As at British Columbia guest ranches, a remarkable 60 percent of summer visitors to Colorado ranches are repeat visitors. In Colorado there is an extremely high level of product satisfaction. Guests come for the family atmosphere and the rustic, western character. Although they continue to demand more services, guests also want to keep the scale small and maintain contact with the owners' family.

Typically guest ranch visitors have left a hectic life in a major U.S. city and are attracted to Colorado for its solitude and spectacular scenery for riding, sightseeing and outdoor recreation. Yet they still want modern day conveniences and quality home cooked meals.

The industry started with working ranches but now most visitors only want reasonably structured recreation programs, sometimes with children and adults together, sometimes separate. One trend where guests are showing a real change is the area of instructions. Horse programs, especially for children are becoming increasingly sophisticated with instructions given in different types of riding, horse care, etc.

4.3.3 Marketing

There are a number of state level and individual property marketing efforts. In both cases the major marketing focus is through CDGRA.

CDGRA is the most active guest ranch association with 40 members and a variety of committees (e.g. marketing). It's director, Wright Katlow, also sits on the Colorado State Travel Board. CDGRA's major function is marketing and lobbying the Colorado Tourism Department.

There is little doubt that the association plays an extremely valuable role as a marketing agent for ranch owners. Consistently operators feel that their membership fees are the most productive marketing dollar.

CDGRA Directory

This brochure is unquestionably the most important vehicle for selling the Colorado Guest Ranches. A total of 275,000 directories are printed each year with part of the cost covered by Wrangler Jeans. Their most valuable distribution point is through the State Department of Tourism, where brochures are added to over 160,000 inquiry kits. Operators feel that they get their best market penetration with this approach. The remaining directories go to AAA, Chambers of Commerce and State Travel Shows.

Travel Agents and Booking Agents

In the last few years the CDGRA has become more involved with travel agents, and deals regularly with approximately 150 agents, mostly in the midwest. Some of the more traditional Ma and Pa properties have been reluctant to pay the 10 percent commission. Only one operator has joined Relais-Chateau (\$5,000.00 fee), a French agency specializing in outdoor packages for Europeans. Their membership is new but they have already had guests and are satisfied with the results.

Trade Shows and Presentations

Trade shows and presentations have been a sporadic activity for the CDGRA, however individual members attend some State Travel Shows. The real contacts come when a particular owner, who when visiting a market area, calls a number of his previous guests in that city and asks them to bring friends to an informal presentation. For the price of coffee and donuts they feel this is a good value-for-dollar marketing.

Film and Video

A 25 minute film and 5 minute short video have been produced for CDGRA at a cost of \$40,000.00. The film story line is weak and not based on market research and is not well received by the industry.

Newsletter

Because of the high level of repeat visitors and referrals, most properties continually contact their guests with newsletters. While some are very newsy others tend to resemble direct mail advertising. Several operators feel that a newsletter combined with a few brochures is the best technique.

Brochures/Magazines

Most operators spent between \$3,000.00 to \$5,000.00/year on colour brochures, which is about the same as they spent on newsletters and mail outs. Because of the wide distribution of the directory, a large guest ranch may get approximately 5,000 inquiries per year and a smaller operation may get approximately 3,000. Several operators spend \$1,000.00 to \$3,000.00 on magazines ads but in many cases they are cutting back from this technique.

Travel Writers

A few operators have had exceptional success with travel writers. For instance an article in a major U.S newspaper can result in hundreds of inquiries.

4.4 ALBERTA

The Alberta guest ranch product and markets are similar to those of British Columbia, however, their marketing efforts are far more aggressive and sophisticated. This was particularly evident through our interviews with travel influencers who indicated that Alberta's guest ranch product was known and British Columbia's was not. Travel Alberta maintains current product and market data on all of their adventure products and these data can be compared to data from the British Columbia operator's survey. Travel Alberta has classified their guest ranches into two groups based on product and market appeal. These two groups are similar to the classification of British Columbia's guest ranches; full service and rustic.

4.4.1 Alberta's Full Service Product and Markets

Alberta guest ranches offer a wide variety of product to the consumer. Travel Alberta has subdivided their guest ranches according to market appeal. They have recognized those properties which meet the needs of the U.S. or European markets. These full service products must meet certain government criteria and are evaluated based on these criteria. These criteria include quality of product and service, financial independence, unified marketing approach and willingness to financially support Travel Alberta's marketing strategy. It is the full service guest ranches which appear in the very well known 'Adventure Guide'. This publication contains all of Alberta's full service adventure product.

There are 7 full service guest ranches in Alberta offering cabin or lodge accommodation of log construction. As previously mentioned the quality of product meets the demands of the upscale U.S. and European markets. The per property capacity of these 7 ranches is smaller than British Columbia's resulting in a lower number of visitor nights sold (Table 4.1). Similar to British

Columbia's guest ranch operators the Alberta operators promote their western hospitality and are very conscious of ensuring that the authentic western experience is maintained. Therefore, unlike Colorado guest ranches, Alberta's guest ranches have very few additional facilities however, similar to British Columbia, Alberta's operators have recognized the changing upscale market and have added a few compatible amenities (i.e. hot tubs). Pricing of Alberta's full service guest ranches is the same as British Columbia's, ranging from \$49 to \$90 a day. These ranches have experienced an annual growth in revenue of 28 percent.

Geographic markets of Alberta's full service guest ranches are compared to British Columbia's in Table 4.1. Alberta's full service guest ranches have a higher proportion of domestic visitors (52 percent) than similar ranches in British Columbia (33 percent). Visitors from other provinces to Alberta's guest ranches are predominantly from Ontario, whereas out-of-province Canadian visitors to British Columbia's ranches are primarily from Alberta. Approximately 3 years ago Travel Alberta conducted a market research study which identified Ontario as a prime market for their adventure product. As a result, their increased marketing efforts have done extremely well in attracting the Ontario visitor.

British Columbia guest ranch operators have placed more emphasis on U.S. and European markets and have not specifically gone after the Ontario market. Travel Alberta feels that only 18 percent of the guest ranch potential in Canada has been tapped, and that Chicago and its surrounding area are the only U.S. markets to consider for guest ranches⁹.

Families and couples are the primary markets for Alberta's full service guest ranches. Fifty percent of household heads who choose a guest ranch holiday are between the ages of 35-54. The

⁹ Adventure Product 1985/86 Marketing Plan, Leisure Travel Section, Marketing Branch, Travel Alberta

TABLE 4.1

COMPARISON OF BRITISH COLUMBIA'S AND ALBERTA'S GUEST RANCH INDUSTRY: 1986

	ALBERTA ¹			BRITISH COLUMBIA ²		
	Rustic	Full Service	Total	Rustic	Full Service	Total
No. of Properties	19	7	26	25	9	34
No. of Visitor Nights	8,300	17,430	25,730	53,916	48,500	102,416
Gross Sales	\$210,000	\$1,300,250	\$1,510,250	\$936,600	\$2,609,000	\$3,545,600
Employees	60	74	104	68	74	142
Marketing Effort						
Provincial Industry	- N/A	- N/A	\$ 86,000 ³ N/A	-	-	- \$ 181,500
Market Origin						
Domestic	83%	52%	-	56%	33%	50%
Other						
Provinces	9%	14%	-	12%	21%	15%
U.S.	5%	19%	-	16%	30%	20%
Europe	2%	9%	-	15%	15%	14%
Japan	1%	4%	-	1%	1%	1%
Misc.	-	2%	-	-	-	-

¹ Data from Travel Alberta, Adventure Products Division.

² Data from 25 telephone surveys of guest ranch operators.

³ Adventure Product 1985/1986 Marketing Plan, Leisure Travel Section, Marketing Branch, Travel Alberta.

visitor of a full service guest ranch on average has a shorter visit (2.7 nights) than a visit to a rustic guest ranch (3.7 nights). Repeat visitation for the full service properties is approximately 25 percent (lower than British Columbia's at 55 percent). According to Travel Alberta this percentage reflects the higher proportion of long-haul visitors whose trip costs are higher.

4.4.2 Alberta's Rustic Guest Ranch Product Market and Revenue

There are approximately 19 properties which fall under Travel Alberta's ranch/farm vacation program. Promotion of this program consists of an information sheet. These properties are similar to British Columbia's rustic properties, except that a few of them offer a more traditional farm vacation. At these properties guests have the opportunity to participate in farming activities. The businesses are family run and the guest ranch visitor can choose from a wide variety of accommodation (cabins, lodges, homes, with or without kitchen units, etc.).

The rustic guest ranches have a higher domestic usage (81 percent, Table 4.1). They primarily cater to families and as a result July and August are their busiest months. Due to the fewer number of rustic guest ranches in Alberta, their smaller capacity and restricted season, visitor nights and gross revenues are lower than British Columbia's rustic ranches.

4.4.3 Marketing Efforts

In Alberta the guest ranches and farms have formed an association which provides them with one voice for liaison with government. Responsibilities of the association are to deal with any issues regarding the industry and to provide collective marketing avenues.

Travel Alberta has taken a very active role in marketing their adventure product which includes ranch/farm vacations, trail

riding, fly-in fishing, guest ranches, and other miscellaneous products. In the 1985/86 year Travel Alberta allocated \$86,000 for marketing the entire guest ranch industry (both full service and rustic properties). As indicated earlier, a majority of their efforts are spent on promoting those products which appeal to the upscale long-haul markets (Ontario, U.S. and Europe). Objectives of the marketing strategy are to assist operators: to increase awareness of the guest ranch product to their primary market areas (Alberta, Ontario, Europe); to expose the product to their secondary markets (U.S. Midwest, Quebec); and to promote off season activities. The marketing strategy includes the following:

- **FAM Tours** for travel writers from Alberta, Ontario and Europe;
- **Adventure ads** placed in publications within and outside the province which promote the adventure product to both families and singles with emphasis on the ambience, relaxation and scenery, and if possible insert adventure ads where a story on the Alberta adventure product is featured;
- **Utilization of wholesalers** to incorporate adventure product in their overall program, provide influencers with adventure movies and videos;
- **Hospitality program** consisting of luncheons with media and workshops;
- **Materials and services** consisting of the Adventure Guide, posters, country vacation brochure and winter activities brochure; and
- **Presence at consumer and trade shows** consisting of:
 - San Francisco Sports Show;
 - Dallas Sports Show;
 - Minneapolis Sports Show;
 - Edmonton Sports Show;
 - Calgary Sports Show;
 - Harrisburg Pennsylvania;
 - Edmonton, Calgary, Red Deer Teachers Conventions;

- Rendez-vous Canada;
- Texas Product Launch; and
- California Product Launch.

Travel Alberta encourages private operators to participate with their marketing strategy and expects financial support from the full service properties. The Alberta guest ranch product is consumer driven and emphasis is placed on getting the Adventure Guide to consumers'. Therefore, in primary market areas the guide is placed in western ware stores, tack shops etc.¹⁰

4.5

CONCLUSIONS

Guest ranches in Washington and Oregon have a limited number of properties and, when compared to British Columbia's guest ranch product, are relatively undeveloped. Due to their strong reliance on domestic markets they do not compete with British Columbia's long-haul markets.

Colorado ranches are more sophisticated than British Columbia's ranches and have developed a brochure and video to promote the overall guest ranch experience. Colorado ranches do not cater to European or Canadian markets and therefore do not compete with British Columbia in these areas. Colorado and British Columbia do share similar U.S. markets. In order to compete with well developed destination ski resorts, some Colorado ranches are losing their western flair and are resembling year round resorts. This is not the trend in British Columbia where all guest ranches offer authentic western hospitality. Also due to the exchange rate British Columbia guest ranches offer an excellent price, and according to both the operator and user surveys are developing strong U.S. markets.

¹⁰ Danny Cherney, Manager, Adventure Products, Travel Alberta.

Of all the competitive areas surveyed Alberta is the most similar to British Columbia. There are 7 full service properties in Alberta and 9 in British Columbia which cater to similar long-haul markets. The marketing efforts of Alberta have exposed the western Canadian guest ranch to several overseas markets which in turn has benefitted several of British Columbia's full service properties.

It is felt that Alberta's guest ranch product does not really compete with British Columbia, but instead enhances the opportunities for growth. In total there are 16 full service guest ranches in Alberta and British Columbia which are experiencing an increase in growth, have high repeat visitation and, according to research by Travel Alberta, have reached less than 20 percent of their potential market. Therefore increased marketing efforts of both British Columbia and Alberta's full service guest ranches can only improve the number of visitors to the properties and increase gross revenue.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 OPPORTUNITIES AND CONSTRAINTS

Based on the product, market and competition analysis a list of opportunities and constraints was developed by property type: rustic and full service (Table 5.1).

5.2 CONCLUSIONS

- In 1986 the guest ranch industry of British Columbia generated \$3,545,600 in direct revenue from 102,416 visitor nights and with marketing expenditures of \$183,000.
- Full service guest ranches experienced an average growth in revenue of 28 percent from 1985 to 1986 and similar high levels can be expected in the coming years. As well as this strong market potential there is high repeat visitation which can provide a strong market base.
- There is substantial market demand for guest ranches in both domestic and non-resident markets. The anticipated increase in visitation will require additional facilities especially in the full service category.
- Potential of the guest ranch industry can be realized if operators continue to provide a unique British Columbia product based on authenticity, western atmosphere and value-for-dollar.
- The majority of rustic properties cater to the domestic market. They are relatively small, family-run operations, and have limited cash flow and working capital. They also appear highly vulnerable to rising external costs such as liability insurance

TABLE 5.1

OPPORTUNITIES AND CONSTRAINTS

RUSTIC	FULL SERVICE
- Limited growth potential - Limited capital and cash flow - Family run businesses - Short season (less than 5 months) - Several properties barely break even - Unable or unwilling to expand - Low capital investment - Smaller properties - Inconsistent product - Limited marketing budget - Low level of awareness - opportunities for collective marketing - Relatively high repeat visitation - Mostly attracting high domestic market, potential for long-haul limited - Caters to families and price sensitive groups	- High growth potential - Good cash flow - Family run but professional and run as a business - Extended season. Have developed shoulder and winter business (9-12 months) - Profitable operations - Expansion will reduce western experience. Owners want to upgrade facilities instead - High capital investment - Larger properties - Consistent product - Extensive marketing budget and plan - Product is known outside province - Relatively high repeat visitation - High proportion of long-haul visitors. Potential is untapped - More balanced market mix-singles, couples, families - Appeal to upscale market which is less price sensitive

TABLE 5.1 (Continued)

OPPORTUNITIES AND CONSTRAINTS

RUSTIC	FULL SERVICE
- Average length of stay is longer - 7 days - Employees are primarily owner's family - Promotes outdoors, fun and family togetherness - Vulnerable to increased external costs i.e. liability insurance, property taxes - Dependent on high quality natural environment - Require guaranteed access to crown land	- Shorter length of stay but higher expenditure per stay - Employs more non-family staff - Promotes western theme with comfortable accommodation and amenities - Less sensitive to external costs - Dependent on high quality natural environment and facilities - Require guaranteed access to crown land

and municipal taxes. Most lack the resources to penetrate the long-haul market. Despite their limitations, these rustic properties do enjoy high levels of repeat business largely from price conscious families residing in British Columbia.

- Those properties that have successfully catered to long-haul visitors share the following characteristics in that they:
 - offer quality accommodation with shared baths;
 - maintain a western theme and market the experience;
 - invest in marketing (greater than \$5,000 a year);
 - are accessible;
 - are in the hospitality business first, ranching second;
 - have sufficient working capital;
 - own a quality horse string; and
 - encourage guest participation and interaction.
- Marketing dollars should primarily be directed to this product line because:
 - the very high level of repeat visitation means a greater return on the marketing dollar over the long term;
 - the properties are located in the interior of the province where the Ministry wishes to attract more non-resident visitation;
 - the full service guest ranch product is compatible with consumer trends towards different experiences, educational and recreational activities; and
 - at present 9 properties account for approximately 83 percent of the marketing dollars being spent to promote guest ranches.

5.3 RECOMMENDATIONS

5.3.1 Product

The long term health of the British Columbia guest ranch industry will be based on both marketing and continued development of new properties - especially in the full service category. Present growth rates and the demand identified in the market analysis indicate that there is probably room for one and possibly two new entries in the full service area over the next few years. In fact with an anticipated marketing thrust as identified in this report, the existing plant would not be able to accommodate the demand.

New construction should also be balanced with continuous upgrading of existing properties, especially those in the rustic category. Even the traditional markets are becoming more sophisticated and are requesting higher quality in both facilities (private baths, sauna, hot tub).

Because of the importance of scenery and integrity of the natural landscape it is important that all new developments are located in attractive, wilderness-type settings. Prospective operators should also be aware of any potential impacts on their property due to incompatible resource use (i.e. forestry, mining, transmission towers, etc.). There should be a certain environmental quality security that accompanies guest ranch development. Operators should be given the opportunity to participate in land use decisions in their area.

The Ministry should encourage existing and new product to maintain an authentic western/ranch theme that differentiates it from a traditional resort. The ranch theme can best be maintained if the number of guests does not exceed 80 - 100. Certain additional amenities will be necessary to satisfy an increasingly sophisticated and demanding traveller (e.g. swimming pool, hot tubs, sauna). It is important to remember that while these amenities enhance the quality of the overall experience they should not

detract from the ranch atmosphere. As one visitor put it, "when I stay at a ranch, I want to wake up to the sounds of horses and nature not to the ping pong of the tennis court".

Operators must continue to stress the special western hospitality that is associated with a guest ranch experience. Although many clients are initially attracted by the opportunity to ride and be around horses, they return because of the warmth and friendliness of their hosts. Visitors enjoy the personal touch, a chance to make friends with both the hosts and fellow guests.

A summary of the product recommendations is provided in Table 5.2.

5.3.2 Marketing

The guest ranch sector is a small but viable component of British Columbia's overall travel industry.

To achieve the full development potential of this sector it will be necessary for both the Ministry and operators to increase what is presently a relatively low marketing expenditure.

Non-Resident Markets

In order to increase revenues in these markets, promotion campaigns should be developed in partnership with those properties that have already invested in them and as well, have the necessary product (i.e. full service).

The primary non-resident markets are:

1. **Pacific Northwest** - Washington, Oregon.
2. **California** - Colorado has recently launched successful awareness campaigns in Southern California.

TABLE 5.2SUMMARY OF PRODUCT RECOMMENDATIONS

1. Support development of one and possibly two full service properties for upscale domestic and long-haul markets over the next few years.
2. Favour new properties in scenic, wilderness type settings.
3. Encourage ongoing upgrading of accommodation.
4. Encourage ongoing addition of amenities to existing properties, e.g. saunas, hot tubs, swimming pools.
5. Maintain the maximum number of guests at approximately 80-100.
6. Assure protection of a western theme.
7. Maintain guaranteed access to crown land.
8. Minimize environmental resource conflicts between the guest ranch industry and other resource users.

3. **Alberta** - the decline in the Alberta economy may provide British Columbia with the opportunity to promote family-oriented vacations. Studies have shown a reluctance by many Albertans to visit the cities of British Columbia.

Secondary non-resident markets are;

1. **Germany and Switzerland** - strength of the mark and franc against the Canadian dollar affords an opportunity to capitalize on what has been a strong interest in the western cowboy experience in Germany and Switzerland. Operators of European descent have been the most aggressive in pursuing these markets.

Tertiary non-resident markets with a longer term growth potential are:

1. **Ontario** - Travel Alberta has identified and begun to realize a significant interest by Ontario residents in the western ranch experience.
2. **Midwest U.S.** - cities such as Chicago, Cleveland, Minneapolis, Dallas and Houston. These cities have traditionally produced 50 percent of Colorado's guest ranch clientele. By exploiting interest in Canada as a foreign destination, British Columbia might be able to capture a share of this business.

Domestic Market

The primary and only significant market is the Lower Mainland and this can be expected to be a major generator of visitors, especially for rustic properties.

In terms of demographics the primary market segment is:

1. Family households with children and a household income of \$40,000 or more. The prime income earner is likely to be a professional, in business or sales and resident in an urban, metropolitan area. Key motivation or appeal would be the chance to get away, experience something different and share the experience as a family.

Other market segments include;

1. Urban-based childless couples with two incomes seeking fun, something different and the opportunity to meet others.
2. Urban-based singles seeking a novel experience and the opportunities to make new friends in a relaxed and friendly environment.

Future Marketing

It is suggested that the following steps be undertaken:

1. Awareness Program

An immediate generic awareness-type program should be established that promotes the experience and opportunity to all markets (for example using video, travel writer articles and a generic brochure similar to Colorado's brochure). In some instances, the guest ranch experience would be positioned as one of many attributes that makes British Columbia different, exciting and fun and would stand alongside other adventure products. In other cases, where awareness of the product is low, it would be advantageous to highlight the unique qualities of British Columbia guest ranches.

2. Domestic Directory

An information package in the form of a directory should be produced for the domestic market. This package could also form the basis of an eventual non-resident directory. Costs would be shared by participating properties and perhaps a commercial sponsor. The package would be developed by a proposed association of guest ranch operators.

Residents now select their guest ranch almost exclusively on the B.C. Accommodation Guide or word of mouth recommendations. Given both the tremendous diversity of the guest ranch product combined with a high propensity for repeat visitation, it is vital that visitors meet their expectations and enjoy their first visit. Over half the guest ranch visitors are from British Columbia and current visitation rates have been developed and sustained with the minimum of marketing expenditures. These levels should be protected and enhanced with further marketing.

3. Tie-in with Existing Ministry Marketing

The guest ranch product should be highlighted and promoted as part of existing provincial marketing campaign (i.e. present the guest ranch product along with culture to those Californians who are seeking foreign experience in a secure environment). While it is important to promote the entire guest ranch industry in a collective, generic way, emphasis should also be placed on specific guest ranch products when selling to the long-haul visitor. Since the number of such full service properties is very small it may be necessary to combine quality guest ranch product with other quality adventure product and produce a guide comparable to the Alberta Adventure Travel Guide.

4. Establish a Guest Ranch Association

As the industry is fragmented and unorganized at present, it is recommended that a Guest Ranch Association be formed to promote the industry as well as cooperate with the Ministry.

Interest has already been expressed in creating an association and there is ample experience among existing operators. The association could function as;

- a voice of the industry on such issues as liability insurance, environmental protection, etc.;
- a partner in promotion with the Ministry; and
- a source of technical assistance for upgrading and expanding of existing properties.

As a marketing vehicle the association would be responsible for:

- attending trade shows;
- producing a directory;
- cooperating with the Ministry on all joint promotion; and
- attracting travel agents and wholesalers.

5. Produce a Marketing Strategy

It is important to develop a five year marketing strategy to ensure continued growth of the industry in terms of both increased volume and addition of new properties.

The strategy would serve the Ministry, the proposed guest ranch association and individual operators. Focus would be on both resident and non-resident markets.

Specific market segments that increase visitation in the shoulder season would be highlighted with special emphasis on emerging groups such as empty-nesters, agile seniors, child-less couples, etc.

The strategy should focus on:

- primary non-resident markets in Pacific Northwest, California and Alberta;
- secondary markets in Germany and Switzerland;
- tertiary markets in Ontario (Toronto), Midwest U.S. (Chicago, Cleveland, Minneapolis, Dallas and Houston); and
- important domestic markets in the Lower Mainland and Victoria.

The marketing plan should establish an overall theme for British Columbia guest ranches and consider such techniques as:

- publication of a guest ranch directory;
- preparation of a video;
- identification of specific trade and consumer shows;
- establishing contact with relevant travel agents, adventure wholesalers and other trade influencers;
- consideration of an annual demonstration showcase in the Lower Mainland; and
- use of advertising, travel writers, individual operator sales techniques, etc.

As well, the strategy should deal with the ongoing relationship between the Ministry and the proposed association with emphasis on establishing basic marketing responsibilities.

A summary of marketing recommendations is listed in Table 5.3.

TABLE 5.3SUMMARY OF MARKETING RECOMMENDATIONS

1. Produce a marketing strategy to increase visitation of domestic and long-haul markets.
2. Develop a generic awareness program that promotes the guest ranch experience to all markets.
3. Assist all guest ranches in creating a marketing program aimed at the domestic market which ensures good product/market matching and high levels of satisfaction.
4. Assist full service guest ranches to increase their primary non-resident markets:
 - Pacific Northwest and California
 - Alberta
 - Germany and Switzerland
5. Wherever possible incorporate promotion of guest ranches as part of existing marketing activities of the Ministry.
6. Assist full service guest ranches with long term development of markets in:
 - Ontario
 - Midwest U.S., Texas
7. Encourage formation of a Guest Ranch Association in liaison with the Ministry to serve as a marketing vehicle.

APPENDIX A
OPERATOR'S QUESTIONNAIRE

OUTDOOR ADVENTURE RESORT STUDY - OPERATOR'S QUESTIONNAIRENAME AND ADDRESS: _____

CONTACT PERSON: _____

POSITION: _____

TELEPHONE: _____

DATE OF INTERVIEW: _____

Good _____, I'm phoning from MacLaren Plansearch, we're consultants who have been retained by Tourism British Columbia to assess the market for outdoor/adventure products such as guest or dude ranches and resorts. We would like to ask you a few questions regarding your facility and your customers.

_____ 1. Did you receive a letter from the Ministry regarding this study?

____ Yes ____ No

_____ 2. Do you offer accommodation for tourists? ____ Yes ____ No

_____ 3. How would you classify your property?

As a dude ranch _____

guest ranch _____

resort _____

_____ 4. Is _____ a working ranch? ____ Yes ____ No

_____ How many acres of land do you have? _____

_____ 5. For how many years has this facility accommodated visitors?

- _____ 6. For how many years has this facility been operated by current management? _____
- _____ 7. What is your operating season as far as visitors are concerned?
Month Open ____ Month Closed ____ Year Round ____
- _____ 8. I would now like to ask about the accommodation you provide your guests.

Type	No of Units	Bed Capacity
Lodge (under one roof)		
Cabins (detached)		
Total		

- _____ 9. What food service facilities do you offer:

	Seats Restaurant	Seats Communal
Dining Room	Licensed	
	Non-Licensed	
or kitchen units		

INTERVIEWERS COMMENTS

_____ 10. Which of the following facilities are available on your ranch/resort?

- | | |
|-------------------------|----------------------------------|
| _____ Lounge | _____ Airstrip |
| _____ Games Room | _____ Smokehouse |
| _____ Swimming Pool | _____ Dock/Marina/Boat Launching |
| _____ Sauna | _____ Laundromat |
| _____ Jacuzzi/Whirlpool | _____ Campsites |
| _____ Tennis Courts | _____ Stable/Tack Room |
| _____ Golf Course | |
| Other _____ | |

We would now like to find out more about the range of recreational activities you offer your guests.

_____ 11. Which of the following activities are available to your guests either on-site or very nearby?

RANCH-RELATED

- | | |
|--------------------------|------------------------------|
| _____ Guided Trail Rides | _____ Non-Guided Trail Rides |
| _____ Instruction | _____ Horsejumping |
| _____ Branding | _____ Roping |

NON-RANCH RELATED

- | | |
|-------------------|---------------------------|
| _____ Fishing | _____ Boating |
| _____ Canoeing | _____ River Rafting |
| _____ Overnight | _____ Golf |
| _____ Backpacking | _____ Fitness Classes |
| _____ Tennis | _____ Childrens' Programs |
| _____ Hunting | |
| Other _____ | |

WINTER

- | | |
|-----------------------|--------------------|
| _____ Cross Country | _____ Snowmobiling |
| _____ Skiing | _____ Snowshoeing |
| _____ Downhill Skiing | _____ Ice Fishing |
| _____ Sleigh Rides | |

_____ 12. What type of plan do you offer your guests?

_____ 13. What rates did you charge in 1986?

SUMMER

WINTER

_____ 14. What is the current assessed value of:

Land _____ Buildings _____
 Animals _____ Equipment _____
 TOTAL _____

_____ 15. How many people do you employ in total?

Full-time _____ Part-time _____

_____ 16. What proportions are directly dependent on your guest operation?

VOLUME

_____ 17. I would now like to find out the approximate volume of business you have been doing over the past three years.

	1984	1985	1986
Percent Occupancy _____			
Gross Sales (\$) _____			
Number of Guests _____			

MARKET PROFILE

The next topic is your customers.

_____ 18. Where do your guests come from?

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

_____ 19. What is their average length of stay? _____ nights

_____ 20. What is the composition of their travel party?

Families _____ %		
Couples _____ %	SEX	
Singles _____ %	Male _____ %	Female _____ %
Groups _____ %	Male _____ %	Female _____ %

_____ 21. What are the age groups of your visitors?

Over 40's _____ %
20's - 40's _____ %
Under 20's _____ %

_____ 22. What portion of your visitors are repeat guests? _____ %

_____ 23. How do most of your guests get to your facility?

- _____ 24. What do you consider is your visitors main reason and interest in a vacation/stay at your facility? What kind of experience are they looking for?

- _____ 25. What changes, if any, have you noticed in your market over the past few years?

MARKETING

Finally, we need to find out what kinds of marketing programs you are currently involved in.

- _____ 26. How much money do you spend on marketing in total? _____

- _____ 27. How do you allocate your marketing dollars?

_____ Brochures	_____ Trade Shows
_____ Magazines	_____ Farm Tours
_____ Direct Mail	_____ Newspaper
Other _____	

- _____ 28. Which of the methods used do you consider produces the best results?

- _____ 29. Approximately how many inquiries do you get a year? _____

How are these people finding out about your facility? _____

What is your travel agent commission rate? _____

- _____ 30. Do you maintain a mailing list of past guests?
_____ Yes _____ No
- _____ 31. Do you communicate with past guests on a regular basis?
_____ Yes _____ No
- _____ 32. Are you a member of the regional tourism association?
_____ Yes _____ No
- _____ 33. Do you participate in any collective marketing programs?
_____ Yes _____ No
If so, with whom? _____
- _____ 34. How do you determine your guests level of satisfaction?

FUTURE GROWTH

- _____ 35. What do you consider to be the future prospects for your branch of the visitor industry? _____

- _____ 36. What do you consider to be the major constraints to expansion?

- _____ 37. What action or policies would be most helpful to assist the dude, guest ranch component?



APPENDIX B
USER'S QUESTIONNAIRE



USER'S QUESTIONNAIRE: OUTDOOR ADVENTURE RESORT STUDY

Good _____, I'm calling on behalf of the Ministry of Tourism in British Columbia, Canada which is doing a study on the guest ranches in this province and their potential for tourism. I understand from _____, that you stayed at their resort -- would you mind answering a few questions for us. It shouldn't take more than a few minutes. Thank you.

TRIP CHARACTERISTICS

1. When did you visit _____ ? _____
(month) (year)
2. How long did you stay? _____ (nights)
3. Was _____ your only destination?
Yes _____ No _____
where else did you visit _____
4. How many people were in your party on that trip? _____
What type of travel party was it?
_____ Single Adults _____ Family
_____ Couple
5. Was this the first time you had stayed at a guest ranch or a resort featuring horse riding?
Yes _____ (Go to 7) No _____ (Go to 6)
6. Where did you stay the last time?
_____ Same Resort _____ Washington/Oregon
_____ Elsewhere in B.C. _____ Other U.S.
_____ Alberta _____ Other
_____ Northern Canada

7. What recreational activities did you take part in while staying at _____?

_____ horseback riding

_____ fishing

_____ hunting

_____ boating/canoeing

_____ tennis

_____ swimming

_____ fitness classes

_____ other (specify)

_____ hiking

_____ icefishing

_____ cross country skiing

_____ downhill skiing

_____ sleigh rides

_____ snowmobiling

_____ snowshoeing

8. What kind of experience were you looking for when you decided to stay at the resort/guest ranch? (Probe)

9. On a scale of 1 to 5, to what extent did the experience match your expectations? _____

10. What was the highlight, or most memorable feature of your stay at the ranch?

11. What might the resort offer to make a stay more enjoyable?

12. How did you travel to the ranch?

_____ Car

_____ Plane Plus Rental Car

_____ Other (specify)

_____ Bus

_____ Plane (flew in)

13. How far in advance did you start planning the trip to the ranch?

_____ Two Weeks Before

_____ 2 Weeks-2 Months Before

_____ 2-6 Months Before

_____ 6 Months to a Year Before

_____ Over a Year Before

14. How did you find out about the ranch?

_____ Travel Agent

_____ Newspaper/Magazine

_____ Received Brochure in Mail

_____ Trade Show

_____ Word-of-Mouth

_____ Other (specify)

15. What other guest ranches did you consider when planning this trip?

16. Why did you select the resort that you went to?

17. Was the visit to the resort priced as an all-inclusive package or did you pay separately for the lodging, meals, transportation, etc.?

_____ All-inclusive

_____ Separate Billings

18. Which arrangements do you prefer?

_____ All-inclusive

_____ Separate Billings

19. How much did you/your group spend in total on that trip? \$ _____

20. Are you planning another stay at a guest ranch in B.C.?

_____ Yes (Go to 21)

_____ No (Go to 22)

21. When do you think that will be?

_____ Within 1987

_____ Within the Next 3 Years

_____ Later Than Five Years From Now

_____ Next Year

_____ Within the Next
5 Years

Will you go back to the same property?

_____ Yes

_____ No

AND FINALLY, JUST A FEW QUESTIONS ABOUT YOURSELF

22. Age: _____

Single: M _____ F _____ Marital Status _____

Couple: M _____ F _____

Children: M _____ F _____ M _____ F _____

23. Occupation _____

APPENDIX C
POTENTIAL USER'S QUESTIONNAIRE

POTENTIAL USER'S QUESTIONNAIRE: OUTDOOR ADVENTURE RESORT STUDY

Good _____, I'm calling on behalf of the Ministry of Tourism in British Columbia, Canada which is doing a study on the guest ranches in this province and their potential for tourism. I understand from _____ that you requested information from their resort --- would you mind answering a few questions for us. It shouldn't take more than a few minutes. Thank you.

TRIP CHARACTERISTICS

1. Did you receive the visitor information that you requested?

Yes _____

No _____

2. Did you request information from any other guest ranch?

Yes _____

No _____ (go to 3)

which ones _____

3. What were your reasons for requesting the visitor information? _____

4. Did you visit a guest ranch in 1986?

Yes _____

No _____ (go to 13)

where _____ (If in B.C. go to User Questionnaire)

5. Why did you choose this property? _____

6. What kind of experience were you looking for when you decided to stay at the resort/guest ranch? (Probe)

7. On a scale of 1 to 5 how enjoyable was your visit? _____
8. What was the highlight of your stay? _____

9. What might have the resort offered to make your stay more enjoyable?

10. Do you plan to go again?
Yes _____ No _____ (go to 12) when _____
11. Would you consider a B.C. Guest Ranch?
Yes _____ No _____
12. What is your age? _____
Status _____ and Occupation _____
- Thank you for your assistance

13. Why did you decide not to go? _____

14. Would you consider taking another similar trip in the future?
Yes _____ No _____ (go to 15) When _____
15. Would you consider a B.C. facility?
Yes _____ No _____ M _____
16. What is your age? _____
Marital Status _____ and Occupation _____

APPENDIX D
TRAVEL INFLUENCER'S QUESTIONNAIRE



TRAVEL INFLUENCER'S INTERVIEW: OUTDOOR ADVENTURE RESORT STUDY

NAME: _____

POSITION: _____

COMPANY: _____

ADDRESS: _____

PHONE NUMBER: _____

1. Do you sell packages to dude and guest ranches? _____

Yes _____, in B.C. _____ (Go to 2) No _____

Why not _____

Thank you for your time

2. What products are you selling?

- Length of Stay
- Activities
- Facilities
- Costs
- Carriers

3. Over past 3 years approximately how many people have you delivered to Dude and Guest Ranches and where

LOCATION

- | | |
|--------------------------|-------|
| - Number of people _____ | _____ |
| - Number of trips _____ | _____ |

4. Do you have any passenger profile information?

- Age
- Point of Origin
- Interest Groups or Associations
- Income
- Repeat Clients

5. What type of marketing or promotion do you do?

- Trade Shows
- Publications
- Travel Trade Manuals
- Success
- Costs

6. Do you have any future plans to expand or reduce your itinerary?

- Number of Trips
- Trip Characteristics
- New Operators

7. Are your customers happy with the product that you are selling?

8. Would you be interested in selling B.C. Dude and Guest Ranch Packages?